

TRADEMARK AMENDMENTS ACT OF 1999

HEARING
BEFORE THE
SUBCOMMITTEE ON COURTS AND INTELLECTUAL
PROPERTY
OF THE
COMMITTEE ON THE JUDICIARY
HOUSE OF REPRESENTATIVES
ONE HUNDRED SIXTH CONGRESS

FIRST SESSION

ON

H.R. 1565

MAY 5, 1999

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TRADEMARK AMENDMENTS ACT OF 1999

WEDNESDAY, MAY 5, 1999

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON COURTS AND
INTELLECTUAL PROPERTY,
COMMITTEE ON THE JUDICIARY,
Washington, DC.

The subcommittee met, pursuant to notice, at 2 p.m., in Room 2226, Rayburn House Office Building, Hon. Howard Coble [chairman of the subcommittee] presiding.

Present: Representatives Howard Coble, Bob Goodlatte, Edward A. Pease, William L. Jenkins, and Zoe Lofgren.

Staff present: Mitch Glazier, Chief Counsel; Debbie Laman, Counsel; Eunice Goldring, Staff Assistant, and Bari Schwartz, Minority Counsel.

OPENING STATEMENT OF CHAIRMAN COBLE

Mr. COBLE [presiding]. Good afternoon, ladies and gentlemen. The subcommittee will come to order.

Hopefully, we will have some other folks join us. As you all know, we have a full plate today. The bankruptcy bill is on the floor as we speak, and we will have a vote, I suspect, within the hour.

Today, we are here to discuss H.R. 1565, the Trademark Amendments Act of 1999. H.R. 1565 makes important amendments and clarifications to the Lanham Act. In 1996, Congress passed the Federal Trademark Dilution Act of 1995, which gave a Federal cause of action to holders of famous trademarks for dilution. The Dilution Act provides for injunctive relief after an identical or similar mark has been in use, and has caused actual dilution of a famous mark but provides no means to oppose an application for a mark or to cancel a registered mark that will result in dilution of the holder's famous mark.

A recent decision of the Trademark Trial and Appeal Board held that the Congress did not intend to allow dilution as grounds for opposition or cancellation. The result of this decision is that the holder of a famous mark must wait for actual harm from dilution in order to seek a remedy through the Federal courts.

H.R. 1565 would provide holders of famous marks with the right to oppose or seek cancellation of a mark that would cause dilution. This amendment will meet the important policy objectives of a more timely and inexpensive resolution of the dilution issue, and result in greater certainty in the application of this body of trademark law.

H.R. 1565 also amends the trademark law to allow for private citizens and corporate entities to sue the Federal Government for trademark infringement. Currently, the Federal Government cannot be sued for trademark infringement by a private citizen or corporate entity. Yet the Federal Government enters the marketplace as a competitor to private business, and is in a position to sue others for infringement. This runs counter to our sense of fairness, and H.R. 1565 will level the playing field in this respect.

H.R. 1565 further provides a very limited amendment to the Lanham Act to provide that, in an action for trade dress infringement where the matter sought to be protected is not registered with the United States PTO, the plaintiff has the burden of proving that the trade dress is not functional. The amendment will promote fair competition and provide an incentive for registration.

Finally, the subcommittee will receive testimony regarding the issue of "imposter" performers, and the impact that that has on the original performers in a musical group. On any given night all across the Nation fake oldies' groups take the stage under the name of the original groups. Because they perform, in most cases, for a lower price than the true original performers, the original performers are at home, not working.

Two witnesses will join us to explain how this problem has impacted their lives. And, I know Mr. Berman—who, by the way, could not be with us today because of a scheduling conflict—joins me in seeking a constructive amendment to this legislation addressing the issue. Mr. Berman, as I said, could not be here, but he and I have discussed this as well.

We are glad to have our friend from east Tennessee, Mr. Jenkins, join us. Bill, I don't believe you sat on this subcommittee last session, so it is good to have you. Do you have an opening statement you would like to make?

Mr. JENKINS. I do not, Mr. Chairman. Thank you.

Mr. COBLE. We will proceed then. Our Government witness today will be the Honorable Todd Dickinson, who was nominated by President Clinton to the position of Deputy Assistant Secretary of Commerce and Deputy Commissioner of Patents and Trademarks on February 26, 1998. He was unanimously confirmed by the U.S. Senate on June 18, 1998, and sworn into office on June 23, 1998. He became Acting Assistant Secretary of Commerce and Acting Commissioner of Patents and Trademarks on January 1, 1999. Mr. Dickinson is an active member of numerous professional associations including the American Bar Association, the American Intellectual Property Association, the International Trademark Association, and the Copyright Society of the United States.

The subcommittee has copies of Mr. Dickinson's testimony, which, without objection, shall be made a part of the record.

Mr. Dickinson, I guess you could be called Commissioner or Secretary, but the word "commissioner" has always had a very authoritative ring with me.

Folks, for those of you who have been with us before, if you can, we would like you to confine your oral testimony to the 5 minutes. We will not muzzle anyone who violates that, but when the red light appears, you know that the 5 minutes have elapsed. We assure you that we will examine your written testimony in detail.

Good to have you with us, Commissioner.

STATEMENT OF TODD DICKINSON, ACTING ASSISTANT SECRETARY OF COMMERCE AND ACTING COMMISSIONER OF PATENTS AND TRADEMARKS, U.S. PATENT AND TRADEMARK OFFICE

Mr. DICKINSON. Thank you, Mr. Chairman. I will, hopefully, beat the 5-minute mark by some measure today.

Thank you for providing me this opportunity to present the views of the administration on H.R. 1565, the Trademark Amendments Act of 1999, as introduced on April 7, 1999. As I said, Mr. Chairman, I will keep my remarks brief.

We welcome the Trademark Amendments Act of 1999, and support the addition of dilution as a grounds for opposition and cancellation in proceedings before the Trademark Trial and Appeal Board, TTAB. To borrow a phrase from patent law, this proposal addresses a long felt need among trademark owners. Like our customers, we value certainty. Accordingly, we understand and appreciate the very legitimate concerns shared by all mark owners with respect to dilution of their valuable properties. This amendment will provide greater certainty to mark owners by giving them access to the experience and knowledge of our TTAB on the admittedly difficult issue of dilution. We believe that the TTAB will be invaluable in establishing the case law which will itself lead to greater certainty and consistency in the area of dilution law. Also I think, Mr. Chairman, an earlier and cheaper test of whether a mark meets the famous marks standard would also be helpful in this area.

Having said this, we do feel obligated to share with the committee some very real considerations regarding our workload that will certainly result from this amendment. In an internal study we conducted in 1998, the TTAB determined that a dilution claim could have been made in approximately 36 percent, or about a third of the opposition and cancellation cases that came before the TTAB. We would, therefore, presume that, with this amendment, many of the oppositions and cancellations that previously would have only asserted priority or likelihood of confusion claims, will now include dilution claims. The TTAB's workload is, thus, likely to increase both in volume and in complexity. In practical terms, this amendment will mean more initial papers to process, more discovery and trial motions to resolve, and larger evidentiary records to consider in reaching final decisions on these cases.

We will be happy to work with the committee to develop options for implementing this proposed legislation in ways that will result in the most benefit to our customers, and minimize the burdens on our office.

Regarding the other sections of the Trademark Amendments Act of 1999, Mr. Chairman, I will quickly add the following comments:

We support the proposed amendments identified in sections 3, 5, and 6. With respect to section 4, Liability of Governments for Trademark Infringement and Dilution, the administration is going to consult internally with the Department of Justice, and respectfully reserves our comments on this particular section.

Since I have this relatively captive audience, I would also like to quickly provide an update on one issue that relates to this matter, trademark fees. As you know, our fees must recover the total cost to the PTO. This means that the cost for products and services that are offered to the public for free, or less than cost, must be recovered from the patent and trademark fees paid for other products and services. As an example, the costs of the operations for our trademark business are fully recovered in the aggregate from fees we charge for trademark products and services. The trademark fees also recover a pro-rata share of the cost of PTO's corporate policy and dissemination operations that don't generate revenue or only partial revenue to cover their cost.

For example, the TTAB itself is technically a corporate operation, and we don't recover the cost of board operations. The remaining board costs are offset by revenues from other trademark fees. Hence, our notation earlier about the administrative effect of adding dilution as a basis for opposition and cancellation.

We are now vigorously reviewing our projected revenues and costs of the trademark business for 2000 and beyond. My purpose in mentioning these fees today is so that members of the subcommittee, as well as our customers, should recognize that any fee adjustments that might be necessary or proposals on those fee adjustments will be based upon rigorous analysis, and open interchange with you and our customers.

Mr. Chairman, thank you for your consideration in providing us this forum for presenting issues of importance to the administration.

[The prepared statement of Mr. Dickinson follows:]

PREPARED STATEMENT OF TODD DICKINSON, ACTING ASSISTANT SECRETARY OF COMMERCE AND ACTING COMMISSIONER OF PATENTS AND TRADEMARKS, U.S. PATENT AND TRADEMARK OFFICE

SUMMARY

H.R. 1565—"The Trademark Amendments Act of 1999"

Section 2—"Dilution as a Grounds for Opposition and Cancellation"

The Administration supports this legislation but anticipates a potentially large increase in the number of motions filed before the Trademark Trial and Appeal Board. The Administration would like to work with the Committee to develop options for implementing this proposed legislation in ways that will result in the most benefit to customers while minimizing the burden for the Administration.

Section 3—"Remedies in Cases of Dilution of Famous Marks"

The Administration supports the proposed amendment to Sections 34 and 36 of the Trademark Act, providing for remedies in the case of dilution of famous marks.

Section 4—"Liability of Governments for Trademark Infringement and Dilution"

With respect to making the federal government liable for trademark infringement/dilution, the Administration will consult internally with the Department of Justice and reserves its position on this issue.

Section 5—"Civil Actions for Trade Dress Infringement"

Regarding civil actions for trade dress infringement, the Administration supports the proposed amendment to Section 43 of the Trademark Act, which addresses the issue of burden of proof between private litigants.

Section 6—"Technical Amendments"

The Administration supports the proposed housekeeping amendment to Section 10 of the Trademark Act.

STATEMENT

Mr. Chairman and Members of the Committee:

Thank you for providing me with this opportunity to present the views of the Administration on H.R. 1565, the "Trademark Amendments Act of 1999," as introduced on April 27, 1999.

Mr. Chairman, I will keep my remarks brief.

We welcome the "Trademark Amendments Act of 1999," and support the addition of dilution as a grounds for opposition and cancellation in proceedings before the Trademark Trial and Appeal Board (TTAB). To borrow a phrase from patent law, this proposal addresses a need long felt amongst trademark owners. Like our customers, we value certainty. Accordingly, we understand and appreciate the very legitimate concerns shared by all mark owners with respect to dilution of their valuable properties. This amendment will finally provide greater certainty to mark owners by giving them access to the experience and knowledge of our TTAB on the admittedly difficult legal issue of dilution. We believe that the TTAB will be invaluable in establishing the case law which will itself lead to certainty and consistency in the area of dilution law.

Having said this, we do feel obligated to share with the Committee the very real considerations regarding the workload that will certainly result from this amendment. In an internal survey conducted in 1998, the Board determined that a dilution claim could have been made in approximately 36% of the opposition and cancellation cases before the Board. The Administration therefore presumes that, with this amendment, many of the oppositions and cancellations that previously would have asserted only priority and likelihood of confusion claims, will include dilution claims. The TTAB's workload is thus likely to increase both in volume and complexity. In practical terms, this amendment will mean more initial papers to process, more discovery and trial motions to resolve, and larger evidentiary records to consider in reaching final decisions on these cases.

We will be happy to work with the Committee to develop options for implementing this proposed legislation in ways that will result in the most benefit to our customers and the least burden for the Administration.

Regarding the other sections of the "Trademark Amendments Act of 1999," Mr. Chair, I will quickly add the following comments.

Section 3—"Remedies in Cases of Dilution of Famous Marks"—The Administration supports the proposed amendment to Sections 34 and 36 of the Trademark Act, providing for remedies in the case of dilution of famous marks.

Section 4—"Liability of Governments for Trademark Infringement and Dilution"

With respect to making the federal government liable for trademark infringement or dilution, the Administration will consult internally with the Department of Justice, and respectfully reserves its comments on this section.

Section 5—"Civil Actions for Trade Dress Infringement"—Regarding civil actions for trade dress infringement, the Administration supports the proposed amendment to Section 43 of the Trademark Act, which addresses the issue of burden of proof between private litigants.

Section 6—"Technical Amendments"—The Administration supports the proposed housekeeping amendment to Section 10 of the Trademark Act.

Since I have this (relatively) captive audience, I would also quickly like to provide an update on the subject of trademark fees. As you know, our fees must recover the total costs of the PTO. This means that the costs for products and services that are offered to the public for free, or at less than cost, must be recovered from the patent and trademark fees paid for other products and services. As an example, the costs of operations for our Trademark Business are fully recovered, in the aggregate, from fees charged for trademark products and services. Trademark fees also recover a pro-rata share of the costs of PTO corporate, policy, and information dissemination operations that either do not generate revenue or generate revenue that partially recovers the costs of operations. For example, the fees charged for services of the Trademark Trial and Appeal Board do not fully recover Board operations. The remaining Board costs are offset by revenue from other trademark fees, hence our notation earlier about the administrative effects of adding dilution as a basis for opposition and cancellation.

My staff is now vigorously reviewing projected revenues and costs of the Trademark Business for 2000 and beyond. My purpose in mentioning trademark fees today is to assure members of the Subcommittee, as well as our customers, that should any fee adjustments be necessary, our proposals will be based upon rigorous analysis and open interchange with you and with our customers.

Thank you for your consideration and for providing this forum for presentation of issues of importance to the Administration.

Mr. COBLE. Thank you, Commissioner. It is good to have you with us.

In your statement, you express some concern about the potential increase in the workload for the Trademark Trial and Appeal Board as a result of allowing dilution as grounds for opposition or cancellation of a mark. Do you think it is probable that as the TTAB develops consistency in the area of dilution law, that the number of cases brought could diminish?

Mr. DICKINSON. Well, I would certainly hope that that would be the case. I think that is an additional grounds for adding this grounds for opposition and cancellation. I will say this, Mr. Chairman: As you noted, I was an attorney in the private sector, and I know litigation is something that continues to expand, almost expediently. Whether or not we will likely see a decrease or not, I am not entirely certain. I would hope that that would be the case, but we want to make sure our concerns are noted.

Mr. COBLE. Commissioner, put on a second hat for a moment, if you will. Later in this hearing, we will receive testimony about the issue of imposter celebrity performers, and the harmful impact it has on the original celebrity performers.

As I mentioned in my opening statement, Howard Berman, our ranking member, and I have discussed this, and he shares my concern about it. I assume, Commissioner, that you are no doubt familiar with the problem. Does the Patent and Trademark office have any possible solutions? Or, do you have any suggestions that you can share with us today, or subsequently.

Mr. DICKINSON. Thank you, Mr. Chairman. Actually, I have a great interest in this matter, as well. When I first started my career as a young attorney, I actually worked for a firm—and personally represented both the Platters and the Coasters on matters just of this type. So, I understand the concerns and sensitivity in this area.

I don't think there are any easy fixes, and I look forward to working with the committee to understand the current state of the issue a little bit more, and also try to find a solution that everybody will feel comfortable with and will be equitable.

Mr. COBLE. I didn't realize you had done that so that. Thank you, Commissioner.

The gentlelady from California, Ms. Lofgren?

Ms. LOFGREN. Thank you, Mr. Chairman. As I have just arrived, I will read the written statement. It is good to see you, Acting Commissioner's Mr. Dickinson.

Mr. COBLE. Thank you, Zoe. The gentleman from Indiana, Mr. Pease?

Mr. PEASE. I associate myself with the remarks——

Mr. COBLE. This has all the trappings of a love feast today. The gentleman from east Tennessee?

Mr. JENKINS. We will make it even more so, Mr. Chairman. I don't have any questions, but I have met with Mr. Dickinson before.

As a newcomer to this committee, I realize that I have got a lot to learn, and this gentleman appears to me to be extremely knowledgeable, and it appears that he would be a great teacher in this area. So, let's wish him a speedy confirmation into the new title, whichever one he selects.

Mr. COBLE. I will associate myself with the statement from the gentleman from Tennessee. Commissioner, I concur with that. Good to have you with us, and look forward to seeing you again soon.

Mr. DICKINSON. My pleasure. Thank you, Mr. Chairman and thank the committee, as well.

Mr. COBLE. We will now call our second panel to the podium. The first witness on the panel is unknown to none of us, our old friend Mike Kirk, who is the Executive Director of the American Intellectual Property Law Association. Mr. Kirk served as Deputy Assistant Secretary of Commerce and Deputy Commissioner of Patents and Trademarks from May 1994 through March 1995. In 1993, Mr. Kirk also served as the Acting Assistant Secretary of Commerce and Acting Commissioner of Patents and Trademarks.

Our second witness is Kim Muller, who is Vice President of the International Trademark Association. Mr. Muller has been, for the past 2 years, Chair of the Patent and Trademark and Copyright Section of the State Bar of Texas.

Our third witness is Garo Partoyan, who is the Chairman of the Trademark Committee of Intellectual Property Owners. For many years, he was a Director of the IPO and is Past President and Director of the International Trademark Association.

Now, we also have Jon Bauman. Mr. Bauman, if you will come forward. Mr. Bauman is known to most of us as Bowzer of the group, Sha Na Na. Mr. Bauman will be introduced by the Honorable Dennis Kucinich of Ohio, our old friend and former mayor of Cleveland.

Our final witness is Chuck Blasko. Is Chuck in the room? He is an original member of the musical group, the Vogues. Mr. Blasko will be introduced by his Representative, the Honorable Ron Klink of Pennsylvania.

Gentlemen, thank you all for joining us. We have your written statements. And Mike, as you well know and you have always complied—the others may not know this—but we do try to stay within the 5-minute timeframe. When the red light illuminates in your eyes, you know the time has expired. But, we have your written statements, and they will be studied and examined in great detail.

I will go to the former mayor of Cleveland, our friend, and recognize him at this time.

Mr. KUCINICH. Mr. Chairman and the ranking members, and all members of the committee, when I was on the Cleveland City Council, they always used to shut my microphone off, so I am used to speaking without a microphone.

Anyhow, Mr. Chairman and to the members of the subcommittee and distinguished panelists, I am very grateful for the chairman's willingness to hold a hearing on the issue of imposter musical groups. As we know, this hearing is not about a specific piece of legislation. I know that, Mr. Chairman. I know there are some reports that got it a little bit different, but the hearing today is on the overarching issue and how to protect our legendary musical groups in terms of trademark law.

I appreciate the expertise of the members of the subcommittee, and incredible knowledge of the witness panel. I would welcome,

and certainly defer to, your counsel and advice on how to best pursue a solution to the problem. So, thank you again, Mr. Chairman.

It is my pleasure now to introduce, if I may, one of America's most enjoyable performers, a man I can call "friend" and a man that most Americans know as "Bowzer," Mr. Jon Bauman, formerly of Sha Na Na.

Mr. COBLE. Thank you, Dennis. And, Mr. Bauman, we will hear from you subsequently. I appreciate that, Dennis.

Ron, do you want to recognize your constituent?

Mr. KLINK. Mr. Chairman, it is good to be in front of your subcommittee. I have enjoyed our travels together throughout the world as we have sought equity and fairness on behalf of intellectual property. And, I think this is another opportunity for us to work together. I have always enjoyed your company, and your thoughts on these matters.

Mr. COBLE. Thank you, sir.

Mr. KLINK. When you say that I have known Chuck Blasko for a very, very long time—in fact in a previous life I used to play his records on the radio. I used to be a disc jockey many, many years ago.

He is very well known, not only in western Pennsylvania but across this country. He had four national hits, "You're the One," "Five O'Clock World," "Magic Town," "Land of Milk and Honey." Also, a lot of turntable hits that we all used to dance to. But, unfortunately, because of—he and the people in the group were all young at the time, and somebody stuck a contract in front of him and said, "Here, we are just going to redo your contract." They did not realize that inside that contract they were actually signing over the name, "The Vogues." Because of that, he is prohibited from performing as "The Vogues" anywhere outside 14 counties in southwestern Pennsylvania, while he has to watch the impersonators who now have purchased the name, "The Vogues." They passed themselves off as those who actually had those hit records.

So, it is my honor to introduce to this subcommittee the leader of the original "Vogues," my friend, Chuck Blasko.

Mr. COBLE. Thank you, Ron. Chuck, we will hear from you subsequently, as well.

Mr. Kirk, why don't you inaugurate our session here, and we will hear from you first.

**STATEMENT OF MICHAEL K. KIRK, EXECUTIVE DIRECTOR,
AMERICAN INTELLECTUAL PROPERTY LAW ASSOCIATION**

Mr. KIRK. Thank you very much, Mr. Chairman, members of the subcommittee.

I am pleased to express the support of the AIPLA for H.R. 1565, the Trademark Amendments Act of 1999. Section 2 of this bill will empower the TTAB to refuse a registration or cancel a registration of a mark on the basis of dilution through an opposition or cancellation proceeding. It addresses the ruling of the TTAB in the *Babson* case that you mentioned at the outset, Mr. Chairman. We support section 2. It allows the issue of dilution to be addressed much earlier in the process, especially in the case of an intent-to-use application, than it is possible under the *Babson* decision. It is

illogical to withhold relief from a trademark owner against the registration of a diluting mark until after the mark is registered.

Under *Babson*, a trademark owner must wait until the diluting mark is registered, then bring an expensive action under the Trademark Dilution Act in a Federal District Court to enjoin the diluting use, and seek the cancellation of the registration of the diluting mark. Not only would allowing the issue of dilution to be addressed in an opposition or cancellation proceeding cost considerably less than the tortuous route otherwise available today, it would also permit the applicant or owner of a diluting mark to seek an alternative mark for his or her goods or services at an earlier stage, thereby avoiding wasteful advertising and promotional expenditures.

The need for this legislation takes on added significance in view of the decision of the Fourth Circuit in the *Ringling Bros.* case, which held that the Federal Dilution Act prescribes only actual dilution, and not "likelihood of dilution." This raises the bar, at least in the Fourth Circuit, for owners of famous marks to prevail under the Federal Dilution Act. While this might encourage them to bring more actions under State dilution statutes and common law, they will not be able to do so if the alleged dilutor has obtained a Federal registration. Accordingly, the *Ringling Bros.* case significantly increases the desirability of allowing owners of famous marks to oppose and petition to cancel the registration of diluting marks.

While section 2 may increase the workload for the TTAB to some extent, as mentioned by Commissioner Dickinson, we believe that this increase will be more than offset by a commensurate reduction in the workload in the Federal courts and the savings by the owners of famous marks. Clearly, the balance between resolving such issues in a relatively inexpensive administrative proceeding in the PTO or in an action under the Trademark Dilution Act in a Federal District Court weighs heavily in favor of the bill. For all of these reasons, we support section 2.

Section 4 of the bill would amend the Lanham Act to waive the sovereign immunity of the United States for trademark infringement, as well as for trademark dilution. It would address the *Preferred Risk Mutual Insurance Company* case where the Eighth Circuit held that the United States was not liable for infringing the preferred risk trademarks of the Preferred Risk Mutual Insurance Company in the absence of an explicit waiver of sovereign immunity.

We believe the Government and its contractors should be liable for infringement and dilution of trademarks, and not in the limited way that it is liable for the infringement of patents, copyrights, protected plant varieties, and semiconductor mask works. While arguments can be advanced as to why the Government's procurement of defense-related products and services should be free from the possibility of injunction for patent infringement, and to a lesser degree with respect to the other rights I mentioned, the same arguments simply do not apply in the case of the infringement or dilution of trademark.

It may not be possible to quickly find an acceptable substitute for a patented alloy that may be essential for a high speed turbine in a jet engine, but there can be no argument that the English lan-

guage is so limited that the Government must infringe or dilute a trademark to describe its goods or services.

Moreover, the recovery of "reasonable and entire compensation," as provided in section 1498 of title 28, cannot begin to be an adequate remedy for a trademark owner. The consumer confusion, and potential harm to reputation, and loss of distinctive quality which result from trademark infringement and dilution can destroy the very essence of the trademark owner's property. Full Lanham Act remedies must be provided.

Finally, Mr. Chairman, when you introduced the Trade Dress Protection Act, H.R. 3163, last year, you stated that it was intended to provide the courts, as well as the PTO with guidance as to the relevant factors to consider in determining whether or not product designs and packaging are inherently distinctive. The goal was to make the registrability and protection of trade dress as efficient as possible for both the applicant and trademark examining attorneys. We agreed with your goals then, and believe that they are just as valid today.

Section 5 of H.R. 1565 would provide additional uniformity and predictability for an action for infringement of trade dress not registered on the principal register by placing on the party asserting trade dress protection the burden of proving the matter sought to be protected is not functional. We support this change, but we believe the need remains for a more comprehensive measure defining trade dress, providing guidance as to when trade dress serves as a source identifier, and when it is functional. Accordingly, we hope the subcommittee will consider the other desirable clarifications contained in H.R. 3163.

Thank you.

[The prepared statement of Mr. Kirk follows:]

PREPARED STATEMENT OF MICHAEL K. KIRK, EXECUTIVE DIRECTOR, AMERICAN
INTELLECTUAL PROPERTY LAW ASSOCIATION

SUMMARY STATEMENT

The AIPLA supports the improvements in the protection of trademark assets which would be made by H.R. 1565. Section 2 of the bill, which would empower the Trademark Trial and Appeal Board to refuse the registration, or to cancel the registration, of a mark on the basis of dilution through an opposition or cancellation proceeding, would provide an efficient means for trademark owners to resolve dilution issues. This will benefit both trademark registrants and applicants and will have no impact on the workload of trademark examining attorneys.

Section 3 of H.R. 1565 would clarify that the remedies for trademark infringement set forth in the Lanham Act are available in actions brought under the Trademark Dilution Act in cases involving willful dilution. Similar provisions were passed by the House last year in H.R. 1661 and we are pleased to see them contained in H.R. 1565.

Section 4 of the bill, which would waive the sovereign immunity of the United States Government and its contractors for trademark infringement and dilution, is necessary to fully protect the rights of trademark owners. Unlike the Government's use of patented inventions, Government infringement of a trademark can destroy the very essence of the trademark owner's property.

While the AIPLA supports Section 5 of H.R. 1565, which would place on a party seeking protection of unregistered trade dress the burden of proving that the matter sought to be protected is not functional, we would encourage the Subcommittee to address all of the clarifications contained in H.R. 3163 of the 105th Congress. We believe that bill would have made the registrability and protection of trade dress more efficient both for the applicant and for the examining attorneys in the Patent and Trademark Office (PTO) and would have provided greater certainty and uniformity in the enforcement of trade dress protection.

Section 6 of H.R. 1565 corrects an oversight in Public Law 105-330 and makes certain technical corrections to the Lanham Act.

Mr. Chairman:

I am pleased to have the opportunity to present the views of the American Intellectual Property Law Association (AIPLA) on H.R. 1565, the "Trademark Amendments Act of 1999."

The AIPLA is a national bar association of nearly 10,000 members engaged in private and corporate practice, in government service, and in the academic community. The AIPLA represents a wide and diverse spectrum of individuals, companies and institutions involved directly or indirectly in the practice of patent, trademark, copyright, and unfair competition law, as well as other fields of law affecting intellectual property.

SUMMARY

The AIPLA supports H.R. 1565 which would effect a number of improvements in the protection of trademark assets. Section 2 of the bill, which would empower the Trademark Trial and Appeal Board to refuse the registration, or to cancel the registration, of a mark on the basis of dilution through an opposition or cancellation proceeding, would provide an efficient means for trademark owners to resolve dilution issues. This will benefit both trademark registrants and applicants and will have no impact on the workload of trademark examining attorneys. Section 3 would clarify that the remedies for trademark infringement set forth in the Lanham Act are available in actions brought under the Trademark Dilution Act in cases involving willful dilution. Similar provisions were passed by the House last year in H.R. 1661 and we are pleased to see them contained in H.R. 1565. Section 4 would waive the sovereign immunity of the United States Government and its contractors for trademark infringement and dilution, similar to the waiver of immunity for infringement of other types of intellectual property. While the AIPLA supports Section 5 of the bill, which would place on a party seeking protection of unregistered trade dress the burden of proving that the matter sought to be protected is not functional, we would encourage the Subcommittee to address all of the clarifications contained in H.R. 3163 of the 105th Congress. We believe that bill would have made the registrability and protection of trade dress more efficient both for the applicant and for the examining attorneys in the Patent and Trademark Office (PTO) and would have provided greater certainty and uniformity in the enforcement of trade dress protection. Section 6 corrects an oversight in Public Law 105-330 which amended the Lanham Act to implement the provisions of the Trademark Law Treaty and makes certain technical corrections.

Section 2. Dilution as a Grounds for Opposition and Cancellation.

Section 2 of H.R. 1565 would amend the Lanham Act to provide a basis for the Trademark Trial and Appeal Board (TTAB) to refuse the registration of a mark or to cancel the registration of a mark which when used would cause dilution under Section 43(c) of the Lanham Act. Conforming changes would be made in Section 13(a) of the Lanham Act to authorize a person who believes that he or she would be damaged by registration of a diluting mark on the principal register to oppose the registration of the mark and in Section 14 of the Lanham Act to permit such person to file a petition to cancel a registration of a diluting mark. Finally, Section 24 of the Lanham Act would be amended to authorize a person who believes that he or she would be damaged by the registration of a diluting mark on the supplemental register to file a petition for the cancellation of such registration. Of course, nothing in the proposed amendments to Section 2 of the Lanham Act would limit the ability of a court to determine the right to registration under Section 37 of the Lanham Act.

Section 2 of H.R. 1565 addresses a ruling of the TTAB that the Trademark Dilution Act does not authorize a trademark owner to oppose or petition to cancel the registration of a mark on the basis of dilution, *Babson Bros. Co. v. Surge Power Corp.*, 39 USPQ 2d. 1953 (TTAB 1996). The Board also found nothing in the legislative history of the Act that suggested that dilution was intended to provide a basis for opposition or cancellation.

The AIPLA supports Section 2 of H.R. 1565. It would allow the issue of dilution to be addressed much earlier in the process, especially in the case of an intent-to-use application, than is possible under the *Babson* decision. It is illogical to withhold relief from a trademark owner against the registration of a diluting mark until after the mark is registered. Under *Babson*, a trademark owner must wait until the diluting mark is registered, then bring an expensive action under the Trademark Dilu-

tion Act in a federal District Court to enjoin the diluting use and seek the cancellation of the registration of the diluting mark. Not only would allowing the issue of dilution to be addressed in an opposition or cancellation proceeding cost considerably less than the torturous route otherwise available today, it would also permit the applicant or owner of a diluting mark to seek an alternative mark for his or her goods or services at an earlier stage, thereby avoiding wasteful advertising and promotional expenditures.

The need for this legislation takes on added significance in view of the decision of the Fourth Circuit in *Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Utah Division of Travel Development*, 50 USPQ 2d. 1065 (4th Cir. 1999), which held that the Federal Dilution Act proscribes only actual dilution and not "likelihood of dilution." This raises the bar, at least in the Fourth Circuit, for owners of "famous" marks to prevail under the Federal Dilution Act. While this might encourage them to bring more actions under State dilution statutes and the common law, they will not be able to do so if the alleged dilutor has obtained a federal registration (see Section 43(c)(3)). Accordingly, the *Ringling Bros.* case significantly increases the desirability of allowing owners of famous marks to oppose and petition to cancel the registration of diluting marks.

We would also note that Section 2 is carefully crafted to impose an absolutely minimal burden on the Patent and Trademark Office. Importantly, the issue of dilution is not a ground on which a trademark examining attorney can refuse registration. A diluting mark could only be challenged before the TTAB, which is better equipped to consider the types of evidentiary and legal issues which are involved in dilution cases.

Moreover, while Section 2 may increase the workload for the TTAB to some extent, this increase will be more than offset by a commensurate reduction in workload of the federal courts and savings for owners of famous marks. Clearly, the balance between resolving such issues in a relatively inexpensive administrative proceeding in the PTO or in an action under the Trademark Dilution Act in a Federal District Court weighs heavily in favor of Section 2.

For all of the reasons discussed, the AIPLA strongly endorses the enactment of Section 2 of H.R. 1565.

Section 4. Liability of Governments for Trademark Infringement and Dilution.

Section 4 of H.R. 1565 would amend the Lanham Act to waive the sovereign immunity of the United States for trademark infringement as well as for trademark dilution, thus precluding a recurrence of cases such as *Preferred Risk Mutual Insurance Company v. United States*, 39 USPQ 2d. 1131 (8th Cir. 1996). In that case, the Federal Emergency Management Agency offered federally-backed flood insurance using the term "preferred risk" on policy application forms and advertisements. The Eighth Circuit held that the United States was not liable for infringing the "Preferred Risk" trademarks of the Preferred Risk Mutual Insurance Company since the Federal Government cannot be held liable absent an explicit waiver of sovereign immunity.

The AIPLA believes that the United States Government and its contractors should be liable for infringement and dilution of trademarks, and not in the limited way that it is liable for the infringement of patents, copyrights, protected plant varieties, and semiconductor mask works. With respect to these other forms of intellectual property, the United States is subject to an action in the United States Court of Federal Claims for the recovery of "reasonable and entire" compensation. This waiver of the sovereign immunity of the Federal Government for other forms of intellectual property extends also to infringing activity of Government contractors that is authorized or consented to by the Government. Only in those cases where there is no extrinsic evidence that the Government authorized or consented to an alleged infringement is an action under the respective intellectual property law in a District Court proper.

The waiver of sovereign immunity for patents, copyrights, protected plant varieties, and semi-conductor mask works is found in Section 1498 of Title 28, United States Code. The precursor of this section was originally adopted to furnish patentees with at least some remedy for the infringement of their patents by the Federal Government without going so far as to subject the government to injunctive relief which could prevent it from carrying out critical programs. Most of the cases which have been brought under Section 1498 have involved claims of patent infringement by the Government or its contractors. While arguments can certainly be advanced as to why the Government's procurement of defense-related products and services should be free from the possibility of injunction for patent infringement (and to a lesser degree with respect to the other rights), the same arguments simply do not apply in the case of the infringement or dilution of a trademark.

Unlike the situation where the manufacture and use of a patented invention is necessary for the performance of a critical government function, there is simply no valid justification for the Government or its contractors to use a word or symbol which would infringe or dilute a trademark. It may not be possible to quickly find an acceptable substitute for a patented alloy that may be essential for a high speed turbine in a jet engine, but there can be no argument that the English language is so limited that the Government must infringe or dilute a trademark to describe its goods or services.

Moreover, unlike the case with a patented invention, recovery of "reasonable and entire compensation" cannot begin to be an adequate remedy for a trademark owner. Compensated use by the Government of a patented invention at least arguably provides an adequate reward for the patent owner and does not interfere with its non-government markets. The consumer confusion, potential harm to reputation, and loss of distinctive quality which result from trademark infringement and dilution can destroy the very essence of the trademark owner's property. Full Lanham Act remedies, including injunctive relief, to terminate government infringement or dilution of trademarks must be provided.

Accordingly, the AIPLA supports the provisions in Section 4 of H.R. 1565 which would waive the sovereign immunity of the United States for all of the remedies for trademark infringement and dilution contained in the Lanham Act.

Section 5. Civil Actions for Trade Dress Infringement.

When you introduced the "Trade Dress Protection Act," H.R. 3163 last year, Mr. Chairman, you stated that it was intended to provide the courts, as well as the PTO, with guidance as to the relevant factors to consider in determining whether or not product designs or packaging are inherently distinctive. The goal was to make the registrability and protection of trade dress as efficient as possible for both the applicant and the examiner. We agreed with your goals then and believe they are just as valid today.

The omission of an express reference to trade dress from the Lanham Act's otherwise comprehensive statutory scheme has resulted in a number of uncertainties as to the extent to which trade dress *per se* can be registered like a trade or service mark. It has also resulted in many inconsistencies and even conflicts among court decisions on issues essential to the protection and enforcement of trade dress rights. Some of those uncertainties and inconsistencies have been resolved by decisions such as *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763 (1992) (inherently distinctive trade dress is protectable without a showing of secondary meaning), and *Qualitex Co. v. Jacobson Products Co.*, 514 U.S. 159 (1995) (color alone can qualify for registration under the Lanham Act). Nevertheless, many others remain.

While the PTO has adopted a practice of registering trade dress which serves as a trade or service mark in line with controlling judicial precedents, a number of issues remain, e.g., whether a particular design or coloration in fact serves as a mark or is only decorative. The situation is, if anything, less uniform and clear with respect to conflicts among decisions in the courts. In the absence of a Lanham Act definition of trade dress, or at least some enumeration of criteria for determining subsidiary matters such as inherent distinctiveness and functionality, court decisions in trade dress cases have presented a patchwork of overlapping, inconsistent, and even overtly conflicting precedents. Among other things, the federal district courts and circuit courts of appeal have diverged in their interpretations of what criteria should be applied to determine distinctiveness, how functionality should be determined, which party has the burden of proof on elements of a trade dress infringement claim or defense—and even what constitutes protectable trade dress itself.

Section 5 of H.R. 1565 addresses only one of the myriad issues surrounding the protection of trade dress, namely, which party to a trade dress infringement action bears the burden of proving functionality. Some courts have held that proof of nonfunctionality is an element of the plaintiff's case; other courts have held that it is an affirmative defense and that the burden of proof rests on the defendant. H.R. 1565, like H.R. 3163 in the 105th Congress, would provide additional uniformity and predictability on this issue by amending Section 43(a) of the Lanham Act to add a new subsection (3), stating that, in an action for infringement of trade dress not registered on the Principal Register, the party asserting trade dress protection has the burden of proving that the matter sought to be protected is not functional. This proposed addition would follow the majority view as to burden of proof obligations in actions for the infringement of unregistered trade dress. We continue to believe that this change will provide greater certainty and endorse it; however, we believe the need remains for a more comprehensive measure defining trade dress and providing guidance as to when trade dress serves as a source identifier and when it is func-

tional. Accordingly, we would hope the Subcommittee would expand Section 5 of H.R. 1565 to include the other desirable clarifications in H.R. 3163.

SUMMARY

We again commend you, Mr. Chairman, for your continuing leadership in striving to improve our intellectual property system. The AIPLA looks forward to working with you, the other Members of the Subcommittee, and your able staff, to support you in any way we can.

Mr. COBLE. Thank you, Mr. Kirk. As we always do, we can have an ongoing dialogue about this as it develops.

Thank you, Mr. Kirk.

Mr. Muller, good to have you with us.

STATEMENT OF KIMBLEY L. MULLER, VICE PRESIDENT, INTERNATIONAL TRADEMARK ASSOCIATION

Mr. MULLER. Good afternoon, Mr. Chairman.

The International Trademark Association welcomes the opportunity to appear before your subcommittee today to offer its support for the Trademark Amendments Act of 1999. On behalf of the trademark community, we thank you for your willingness to sponsor this initiative, and look forward to working with you, your subcommittee and staff to ensure its passage.

The Trademark Amendments Act contains a number of new and significant provisions. I will address three of them which you addressed in your opening comments.

The first one is designed to permit dilution as a grounds of opposition for a trademark application or cancellation of an existing registration in proceedings before the TTAB. According to case law and expert commentary, there is an absence of specific statutory authority in the Lanham Act to support dilution as a grounds for denying registration before the TTAB. This leaves famous mark owners with a potentially lengthy and expensive Federal court proceeding as their only recourse to halt diluting activities.

INTA believes this situation must be remedied. Allowing owners of famous marks to oppose a trademark application or registration within the first 5 years of issuance based on dilution of their famous marks protects the rights of the mark owner. It is also in the best interest of all the parties involved. The administration of trademark law will become more efficient if owners of famous trademarks have the ability to resolve these issues concerning dilution of their famous marks rather than to permit registration of a diluting mark, and then be obliged to engage in protracted and expensive Federal litigation to obtain an injunction against use of a mark that is either registered or in the process of being registered. A finding of dilution by the TTAB will likely cause the applicant to select a different mark prior to investment of substantial funds. It also provides fair notice of risk involving continuing with the use of a diluting mark.

For example, if an applicant other than Intel applied to register Intel for entertainment services, it makes more sense to allow the famous mark holder an opportunity to oppose that registration rather than to proceed to Federal court and obtain an injunction against the use of the Intel mark for those services that is in the process of being registered by the U.S. PTO.

Finally, allowing dilution as a grounds for opposition or cancellation recognizes and relies upon the expertise of the TTAB in the application of trademark law. This is sorely needed today in the application of what dilution law means in the United States.

The second issue concerns elimination of immunity currently enjoyed by the Federal Government for infringement of U.S. trademarks owned by private parties. The United States Government and a number of its agencies present themselves as valid commercial entities that compete with the private sector. In those situations, the Federal Government, as a matter of fairness, and in the interest of protecting the public should be subjected to the same principals of trademark law as the private sector.

Examples of the Federal Government's commercial activity include the sale of goods and services, entrance into and ability to sue for breach of contract and, perhaps most importantly with respect to trademark law, registration marks on the principal and supplemental registers of the PTO.

Moreover, agencies of the Federal Government exploit their perceived status by seeking a fee waiver from the U.S. PTO for their respective applications. Thus, with a U.S. trademark office that is user-funded, this means that private trademark owners are actually subsidizing the Federal Government's trademark applications, which they can then use with impunity. Unlike other trademark owners, the Federal Government cannot now be sued if it infringes upon a mark owned by a private citizen or corporate entity.

In the recent decision in the Eighth Circuit, the Preferred Risk case, the court ruled that the Federal Government is immune from trademark infringement suits because it is not specifically recited in the Lanham Act as a juristic person. The court indicated that Congress must take this next step in revising the Lanham Act to expressly waive such sovereign immunity of the Federal Government. Mr. Chairman, as you indicated in your opening remarks, we must level the playing field in this regard.

The third issue I would like to address is that of functionality in civil actions for trade dress infringement where the trade dress is not registered. We believe it is appropriate, where there is not a registration, for the plaintiff to have to prove non-functionality than it would be to consider it an affirmative defense and, therefore, require the defendant to prove functionality. Placement of this burden is consistent with the principles of common law which traditionally require a claimant establish essential elements of a trademark infringement action, unless that element is presumed satisfied by the Lanham Act. Rulings in a majority of Federal circuits take this position.

In closing, Mr. Chairman, I also wish to point out that there are certain housekeeping matters in this bill that INTA also supports, and we look forward to working with you and your subcommittee to make this law.

[The prepared statement of Mr. Muller follows:]

PREPARED STATEMENT OF KIMBLEY L. MULLER, VICE PRESIDENT, INTERNATIONAL
TRADEMARK ASSOCIATION

INTRODUCTION

Good morning, Mr. Chairman. The International Trademark Association ("INTA") appreciates the opportunity to appear before you today to offer its support for H.R. 1565, the "Trademark Amendments Act of 1999." This legislation covers a range of trademark related issues, from minor housekeeping amendments that correct earlier drafting oversights to more substantive changes in trademark law that include the following:

- dilution as a grounds for opposition of a trademark application or cancellation of an existing registration in proceedings before the Trademark Trial and Appeal Board (TTAB);
- abrogation of the immunity of the federal government for violations of U.S. trademark law; and
- placement of the burden on the plaintiff for proving functionality in civil actions for trade dress infringement when the matter sought to be protected is not registered on the Principal Register of the U.S. Patent and Trademark Office (USPTO).

Each proposal in H.R. 1565 represents an important step in the evolution of U.S. trademark law. On behalf of the trademark community, Mr. Chairman, we thank you for your willingness to introduce this important legislation and we look forward to working with you, the other members of the Subcommittee, and your staff to ensure that these provisions become law.

ABOUT INTA

My name is Kim Muller and I am Senior Trademark Counsel for Shell Oil Company in Houston, Texas. I presently serve as Vice President for the INTA Trademark Affairs and Policies Group and as a member of the Association's Board of Directors. Like all officers, board members, committee chairpersons and committee members, I serve on a voluntary basis.

INTA is a 120-year-old not-for-profit membership organization, which in just a few short weeks, will be marking its 121st anniversary at our Annual Meeting in Seattle, Washington. Since the Association's founding in 1878, membership has grown from 17 New York-based manufacturers to approximately 3,700 members from the United States and 119 additional countries.

Membership in INTA is open to trademark owners and those who serve trademark owners. Its members are corporations, advertising agencies, professional and trade associations, and law firms practicing trademark law. INTA's membership is diverse, crossing all industry lines and spanning a broad range of manufacturing, retail and service operations. All of INTA's members, regardless of their size or international scope, share a common interest in trademarks and a recognition of the importance of trademarks to their owners, to the general public, and to the economy of both the United States and the global marketplace.

Dilution as a Grounds for Opposition and Cancellation

The Federal Trademark Dilution Act ("FTDA"), a milestone in U.S. trademark law, went into effect on January 16, 1996. In the FTDA, Congress recognized on a federal level the remedy of dilution, which had already received widespread recognition under state and common law. The Act provides protection to owners of famous marks against another person's commercial use in commerce of the mark which dilutes or "whittles away" the distinctive quality of the mark. Dilution may be based on either "blurring" or "tarnishment" of a famous mark which has the potential to lessen its commercial significance with consumers.

While granting trademark owners a private right of action for trademark dilution in federal courts, the FTDA did not, however, recognize dilution as grounds for opposition of a trademark application or cancellation of an existing registration in proceedings before the TTAB. According to the case law and some commentary, in view of the absence of specific statutory authority, current law does not support dilution-based proceedings before the TTAB.¹

Testing the theory that existing law could, in fact, support dilution as a grounds for opposition or cancellation, private litigants have attempted to assert dilution as a ground for opposition. In the case of *Babson Bros. Co. v. Surge Power Corp.*, the

¹ See, J. Thomas McCarthy, 3 *McCarthy on Trademarks and Unfair Competition*, §24:90 (p. 24-141).

TTAB held that Congress, through its silence, did not intend to make dilution available as a grounds for opposition or cancellation of a registration, and denied the opposer's motion to add a dilution claim.² In its ruling, the Board relied primarily on the terms of the FTDA itself, its own prior rulings that it did not have the power to consider state dilution laws. The Board also found authority in *Person's Co. v. Christman*,³ which held that the TTAB could not consider grounds of opposition unless it was specifically authorized by the Lanham Act to do so.

INTA believes that there are compelling reasons to specify that dilution may be a grounds for oppositions and cancellations and urges that the Lanham Act be so amended. The current state of the law, which provides grounds for injunctive relief on the one hand, but does not provide grounds for refusal or cancellation of registration on the other, is inefficient and creates uncertainty in the process of adopting and registering a mark. INTA has adopted a resolution supporting the proposition that "to whatever extent dilution protection is accorded in a jurisdiction, dilution of a famous trademark in that jurisdiction should be a ground for opposing a trademark application or canceling a trademark application." We therefore, Mr. Chairman, fully support your proposed amendment.

Allowing owners of famous marks to oppose a trademark application or seek cancellation of a trademark registration within the first five years based on dilution of their mark will best protect the rights and interests of all parties involved in such disputes, will facilitate administration of the trademark register, and is consistent with international trademark policy.⁴

Trademark law will be more efficient if owners of famous trademarks have the ability to intercede earlier in the process to resolve these important issues rather than to permit the registration of a diluting mark which can only be remedied by protracted and expensive federal litigation. Allowing the parties to resolve the issue early in the process—in the case of intent to use applications, perhaps before use even commences, benefits both parties. A finding of dilution by the TTAB might well cause the applicant to select a different mark prior to investment of substantial funds, and certainly would give fair notice of the risks involved in going forward. Allowing oppositions based on dilution is therefore in the interest of the applicant as well as the opposer.

In addition to the factors mentioned above, allowing dilution as grounds for oppositions or cancellations of marks recognizes and relies on the expertise of the TTAB in the application of trademark law. Such expertise is valuable for interpreting the terms of the FTDA and establishing reliable case law. INTA believes that the experience and knowledge of the TTAB will lend certainty and consistency to the developing body of dilution law in the United States. In a letter to the INTA U.S. Legislation Subcommittee, Jerome Gilson, noted author of *Trademark Protection & Practice* stated:

"District Courts are all over the lot. No one such court can expect to develop sensible guidelines and standards under the new Act, but the TTAB can. In fact, it is ideally equipped to do so. And when the Federal Circuit gets a look at the right FTDA case on appeal it can write the kind of trademark law 'Restatement' its predecessor court did in *duPont*."

Mr. Gilson further states that "an amendment is appropriate because rights analogous to trademark rights can form the basis of an opposition or a cancellation. It makes little sense to recognize such rights as being subject to 'damage' under the Act, while rights based on the violation of a federal statute designed to protect the distinctiveness of famous trademarks are not."

H.R. 1565 creates certainty by providing authority to the TTAB (a) to refuse registration of a trademark application upon establishment of dilution in an opposition proceeding (or in the case of an intent-to-use application, a likelihood of dilution) and (b) to cancel within the first five years an existing registration upon establishment of dilution in a cancellation proceeding. On the other hand, the legislation does not, nor should it give the USPTO the authority or duty on the examination level to investigate dilution or refuse an application on the basis of dilution. Trademark examiners do not have the resources, time, or financial support to review applications for dilution.

² 39 USPQ2d 1953 (TTAB 1996).

³ 900 F.2d 1565, 14 USPQ2d 1477 (Fed. Cir. 1990).

⁴ Paris Convention for the Protection of Industrial Property, Article 6 *bis*.

FEDERAL IMMUNITY

The United States Government and a number of its agencies often present themselves as valid commercial entities that compete with private sector enterprises. In those instances, the Federal Government, as a matter of fairness and in the interest of consumer protection, should be subject to the same principles of law as the private sector. Examples of the Federal Government's commercial activity include the sale of goods and services, its entrance into and the ability to sue for breach of contract and, perhaps most importantly with respect to trademark law, registration of trademarks on the Principal and Supplemental registers of the USPTO.

A review of the U.S. trademark register shows that the Federal Government and its agencies are indeed prolific registrants of trademarks. Moreover, agencies of the Federal Government exploit their perceived special status by actually seeking a fee waiver from the USPTO for their respective applications.⁵ Because the U.S. Trademark Office is user-funded, private trademark owners are underwriting the Federal Government's trademark applications. As a trademark owner, the United States is just as likely as any other trademark owner to sue private individuals or corporations to protect its interests in a particular mark(s), including those federally registered under the Lanham Act.

Here is just a small fraction of the trademarks which are owned by agencies of Federal Government:

- (1) "Team Nutrition USDA"—United States Department of Agriculture—Reg. #2023764
- (2) "Leave No Trace"—United States Department of Agriculture (pending)
- (3) "Tread Lightly! On Public and Private Land"—United States Department of Agriculture—Reg. #1955584
- (4) "Take Pride in America"—United States Department of the Interior—Reg. #1423356
- (5) "National Atlas of the United States of America"—United States Department of the Interior—Reg. #2096793
- (6) "Cape Cod National Seashore"—Department of the Interior—Reg. #1798245
- (7) "Countyscope"—Census Bureau, United States Department of Commerce—Reg. #2174591
- (8) "Tiger"—Census Bureau, United States Department of Commerce—Reg. #2028470
- (9) "S-Check"—National Institute of Standards and Technology, United States Department of Commerce—Reg. #1993623
- (10) "U.S. Industrial Outlook"—International Trade Commission, United States Department of Commerce—Reg. #2132432
- (11) U.S. Army Corps. of Engineers, U.S. Army of Engineers—Reg. #1807986
- (12) Vector Product Format, Defense Mapping Agency—Reg. #2213167

However, unlike other trademark owners, the Federal Government cannot be sued if it infringes upon a mark owned by a private citizen or corporate entity. In a recent decision by the United States Court of Appeals for the Eighth Circuit in the matter of *Preferred Risk Mutual Insurance Company v. United States of America*,⁶ the court ruled that the Federal Government is immune from trademark infringement suits because it is not specifically enumerated in the Lanham Act as a "juristic person." The court indicated that Congress would have to take this next step by revising the Lanham Act "to expressly waive the sovereign immunity of the United States as it has done with states."⁷

The Federal Government has acknowledged that state agencies which obtain significant benefits from the Lanham Act's fair-competition requirements should not be permitted to invoke their status as a state entity to gain competitive advantage over others in the marketplace if the function covered by the trademark is neither traditional nor a necessary means for facilitating that function.⁸ Why then should private parties and state entities (whose activities meet a certain threshold) be subject to

⁵ 15 U.S.C. § 1113(b).

⁶ 86 F3d 789, 39 USPQ2d 1131, cert. denied 117 S Ct 1245 (1997).

⁷ *Id.* at 795, 39 USPQ2d 1136.

⁸ See, Brief for the United States on an application for certiorari, *College Savings Bank v. Florida Prepaid Postsecondary Education Expense Board, et. al.*, 11.

the tenets of the Lanham Act and not the Federal Government? There is, Mr. Chairman, no good answer.

Mr. Chairman, Congress must "level the playing field" to permit private entities, small and large alike, to sue the Federal Government for violations of U.S. trademark law. The purpose of the provisions contained in H.R. 1565 is to clarify Congress' intent to waive the immunity of the United States Government, its agencies, and individuals acting on behalf of the Government from suits under the Lanham Act. The bill states specifically that the Federal Government is a "person" in the eyes of the Lanham Act and, like everyone else can be sued and held liable for damages if it violates U.S. trademark law.

The Federal Government should not have it both ways: engage in commercial enterprises in competition with private industry, to seek protection under the Lanham Act, to be able to sue its competitors for violations of the trademark law; but then itself enjoy immunity for its own actions—especially when they are contrary to the fair and equitable standards of American trademark law.

CIVIL ACTIONS FOR TRADE DRESS INFRINGEMENT

Section 5 of H.R. 1565 is intended to resolve an unsettled question on an important aspect of trade dress. The provision contained in section _____ places the burden of proving non-functionality on the plaintiff in civil actions for trade dress infringement when the matter sought to be protected is not registered on the USPTO's Principal Register. This provision is consistent with the principles of common law, which traditionally place the burden of proving the essential elements of a case on the claimant.⁹ Rulings in a majority of the federal circuits take this position.¹⁰ Only the Second, Seventh, and Tenth Circuits clearly have held that functionality is an affirmative defense, and the proposed amendment therefore would codify the law prevailing in most of the country.¹¹

The majority rule obviously is not necessarily correct simply because it is the majority rule. Nevertheless, it is beyond dispute where all other designations of origin are concerned that the claimant to an unregistered "mark" bears the burden of proving that the designation is valid.¹² To carve out an exception for functionality in the trade dress context would fly in the face of the holding in *Two Pesos*,¹³ namely, that there is no justification for the differing treatment of verbal and nonverbal marks.¹⁴

More importantly, maintaining two standards would severely diminish the significance of the federal registration system in the trade dress context. If a trade dress claimant does not wish to bear the burden of proving the non-functionality of its design in an infringement suit, it has the opportunity to secure a federal registration covering it. Although the issue has not been the subject of extensive litigation, every court to address the issue has held that a registration creates a presumption of non-functionality under 15 U.S.C. § 1115(a), as well as distinctiveness.¹⁵ Moreover, this rule applies even in those jurisdictions otherwise requiring plaintiffs to

⁹ See generally Theodore H. Davis, Jr. "The Burden of Proof in Determinations of Trade Dress Functionality," 88 *Trademark Reporter* 325, 329-334 (1998).

¹⁰ See *Sunbeam Prods., Inc. v. West Bend Co.*, 123 F.3d 246, 251 (5th Cir. 1997); *Merchant & Evans, Inc. v. Roosevelt Bldg. Prods. Co.*, 963 F.2d 628, 633 (3d Cir. 1992); *Ferrari S.P.A. Esercizio Fabrice Automobili E. Corse v. Roberts*, 944 F.2d 1235, 1239 (6th Cir. 1991); *Woodsmith Publishing Co. v. Meredith Corp.*, 904 F.2d 1244, 1247 (8th Cir. 1990); *Clamp Mfg. Co. v. Enco Mfg. Co.*, 870 F.2d 512, 516 (9th Cir. 1989); *Reader's Digest Ass'n v. Conservative Digest, Inc.*, 921 F.2d 800, 803 (D.C. Cir. 1987); *Brooks Shoe Mfg. Co. v. Suave Shoe Corp.*, 716 F.2d 854, 857 (11th Cir. 1983); *Fisher Stoves, Inc. v. All Nighter Stove Works, Inc.*, 626 F.2d 193, 195 (1st Cir. 1980); see also *In re Teledyne Indus.*, 696 F.2d 968, 971 (Fed. Cir. 1982) (holding in ex parte application context that burden rests on challenger to validity of trade dress to establish prima facie case of functionality, with ultimate burden of proof resting on trade dress claimant); *Texttron, Inc. v. United States Int'l Trade Comm'n*, 753 F.2d 1019, 1026 (Fed. Cir. 1985) (reversing ITC's placement of burden of proof on respondents/defendants).

¹¹ See *Badger Meter, Inc. v. Grinnell Corp.*, 13 F.3d 1145, 1151 (7th Cir. 1994); *Wallace Int'l Silversmiths, Inc. v. Godinger Silver Art Co.*, 916 F.2d 76, 79 (2d Cir. 1990); *Hartford House, Ltd. v. Hallmark Cards, Inc.*, 846 F.2d 1268, 1271 n.3 (10th Cir. 1988).

¹² See, e.g., *National Conf. of Bar Examiners v. Multistate Legal Studies, Inc.*, 692 F.2d 478, 488 (7th Cir. 1982) ("Because the alleged trademark in this case is unregistered, plaintiffs had the burden of proving that [their] mark was not an un-protectible generic mark.").

¹³ 505 U.S. 763, (1992).

¹⁴ See *id.* at 773.

¹⁵ See, e.g., *Qualitex Co. v. Jacobson Prods. Co.*, 13 F.3d 1297, 1301 (9th Cir. 1994) ("A certificate of registration is prima facie evidence of the validity of the mark and relieves the holder of the burden of proving functionality. . . ."), *rev'd on other grounds*, 514 U.S. 159 (1995); *accord Aromatique, Inc. v. Gold Seal, Inc.*, 28 F.3d 863, 869 (8th Cir. 1994); *Vuitton et Fils S.A. v. J Young Enters.*, 644 F.2d 769, 775-76 (9th Cir. 1981); *Schwinn Bicycle Co. v. Murrury Ohio Mfg. Co.*, 470 F.2d 975, 977 (6th Cir. 1972).

prove non-functionality.¹⁶ A rule that the defendant bears the burden of proof of demonstrating the functionality of an unregistered design, without the plaintiff even negotiating the *ex parte* application process first, is flatly inconsistent with the registration provisions of the Lanham Act.

Finally, the proposed amendment would lead to judicial efficiency. As the First Circuit recently has explained:

A plaintiff's product is known best by plaintiff itself. A contrary result, placing the burden on defendant, could lead to untoward results. It could also lead to unwarranted litigation. If protected elements of a product are indeed functional, and the burden of showing non-functionality is placed on plaintiff, plaintiff will have incentives not to bring unwarranted actions hoping that defendants will fail to raise or prove functionality as an affirmative defense. It would be far easier for plaintiffs to obtain protection for functional aspects of their products—and thus limit legitimate competition—if defendants were to bear the burden of proof, as defendants might lack the ability or incentive to pursue the issue fully. There is value in minimizing the chances of the issue not being properly raised or presented.¹⁷

As to the question of trade dress registered on the Principal Register, this proposed amendment implicitly accepts that in such cases there be a presumption that the mark is not functional under Section 7(b) of the Lanham Act, which acknowledges that a certificate of registration of a mark upon the Principal Register shall be accepted as *prima facie* evidence of the "registrant's ownership of the mark, and of the registrant's exclusive right to use the registered mark in commerce on or in conjunction with the goods or services specified in the certificate, subject to any conditions or limitations stated in the certificate."¹⁸ Particularly, because the functionality inquiry bears directly upon the validity of the particular designation claimed,¹⁹ the presumption of validity attaching to a mark on the Principal Register necessarily contemplates the presumptive non-functionality of that mark. The amendment would not, however, affect the ability of the defendant in an infringement or dilution action to rebut this presumption without appropriate showing.²⁰

HOUSEKEEPING AMENDMENTS—REMEDIES FOR FEDERAL TRADEMARK DILUTION

The FTDA created a new Section 43(c) of the Lanham Act. Subparagraph 2 of the new section provides that, normally, the owner of a famous mark will only be entitled to injunctive relief upon finding of liability. An award of damages, including the possibility of treble damages, may be assessed against a defendant found to have willfully intended to trade on the trademark owner's reputation or to cause dilution of the famous mark.

Unfortunately, with all of the debate over the list of nonexclusive factors that a court may consider in determining whether a mark qualifies for protection and the definition of "famous," there were three minor drafting oversights that have led to ambiguities within the Lanham Act. Section 34(a) of the Act, the provision that concerns injunctions, was not amended to account for the mention of injunctive relief for acts of dilution (as specified in the first sentence of the new 43(c)(2)). Sections 35(a) and 36, the sections of the Act relating to damages, were not amended to account for damages which are available for acts of willful dilution (as specified in the second sentence of the new 43(c)(2)).

Without these minor amendments, the relief sections of the Lanham Act are inconsistent on their face, because none authorizes the relief available under the new Section 43(c)(2). Unless these amendments are adopted, the risk exists that courts may apply the relief provisions of the dilution statute in a manner contrary to Congress' intent. Accordingly, INTA supports the provisions in H.R. 1565 which correct this oversight.

MINOR CORRECTION TO TRADEMARK LAW TREATY (TLT) IMPLEMENTATION ACT

The TLT Implementation Act, enacted last year due to your efforts, Mr. Chairman, contains a minor error in drafting. The words "subsequent purchase" as they appear in the second to last sentence in the amended version of Section 10(a) should

¹⁶ See, e.g., *Aromatique*, 28 F.3d at 869; *Vuitton et fils S.A.*, 644 F.2d at 775–76.

¹⁷ *I.P. Lund Trading ApS v. Kohler Co.*, 163 F.3d 27, 38 (1st Cir. 1998).

¹⁸ 15 U.S.C. § 1057(b) (1994); see also *id.* § 1115(a).

¹⁹ Courts finding particular trade dresses functional do not typically hold the claimants mark "valid," but then deny relief on functionality grounds. On the contrary, "a product feature . . . cannot serve as a trademark" if it is functional. *Qualitex Co. v. Jacobson Prods. Co.*, 514 U.S. 159, 165 (1995).

²⁰ See, e.g., *Aromatique* 28 F.3d at 874.

not be there. They need to be stricken and replaced with the word "assignment." H.R. 1565 appropriately makes this correction.

CONCLUSION

Thank you again, Mr. Chairman, for this opportunity. The "Trademark Amendments Act of 1999" is a worthwhile and necessary piece of legislation that will improve the practice of trademark law in the United States. We look forward to working with you to secure its passage during the 106th Congress.

Mr. COBLE. Thank you, Mr. Muller.

Mr. Partoyan?

STATEMENT OF GARO A. PARTOYAN, CHAIRMAN, TRADEMARK COMMITTEE INTELLECTUAL PROPERTY OWNERS

Mr. PARTOYAN. Thank you, Mr. Chairman.

IPO, Intellectual Property Owners Association, appreciates the opportunity to be here and testify before your committee. And, it is a pleasure for me to be their representative.

IPO is in favor of section 2 of the proposed Act, the one that would provide dilution as a basis for cancellation or for opposition of trademark registrations and applications to register trademarks. It think it is a good idea to have this for many reasons that have been expressed. The most important one, in my view and that of IPO, being that it will give an early opportunity to avoid conflicts which, later on, could become a lot larger than they would be at the early stages before the registrant attempts to invest heavily in developing a new mark.

There is one point, however, that I am concerned about, and that is the workload that this might add to the Trademark Trial and Appeal Board. Commissioner Dickinson earlier referred to that in response to your question. I think we should recognize that there will be an additional workload. One of the reasons for that is because the issue of dilution is a very difficult one. I have had some experience with this; it is difficult to prove; it is difficult to disprove; and it is very difficult to evaluate if you are the trier of such a matter. Therefore, I think it has to be recognized that there will be this additional workload added to the shoulders of the Trademark Trial and Appeal Board.

Nonetheless, having said that, I think the advantages of having dilution as a basis for opposition and for cancellation are well worth that. Tied to that, however—and it is in the note submitted by IPO—is the point that neither the applicant nor the opposer should be denied a fair opportunity in a civil action subsequent to a decision in the Patent and Trademark office about an opposition or cancellation based on dilution. The reason for that, in my view, is that the nature of the evidence and the ability to submit evidence, the opportunities to contest the evidence by way of cross-examination and additional evidence is far greater and more flexible in the courts than within the Patent and Trademark office. And, that is with great respect for the Patent and Trademark office. But, the rules are different from the Federal rules of civil procedure that apply in the courtroom. Therefore, both the applicant and the opposer should be free—and not barred in a Federal court, in a civil court—not barred from having an opportunity to be heard there, even though the matter might have already been decided in the Patent and Trademark office.

IPO also supports section 4 of the act, granting or withdrawing immunity from the Federal Government and its agents in connection with trademark infringement matters. I think Mr. Kirk expressed the very simple way that the language is rich enough that certainly the Government, just as anyone else, ought to be free to find ways of presenting his or her products and services without encroaching upon the rights of others. And, indeed, to gain the benefit of the Trademark Act, the Government should also have whatever burdens come along with that benefit.

Finally, on the question of non-functionality, giving the party asserting a right in an unregistered trade dress the burden to prove its non-functionality, which I believe is in section 5 of the proposed bill, would actually be a sensible thing to do. I had some initial difficulty with it because it puts the plaintiff in the position of having to prove a negative, which is often very, very difficult to do. Nonetheless, there are good equitable reasons that that should be the case. Namely, that the party asserting the right in the unregistered trade dress has the burden to prove, or to show at least *prima facie*, that it is non-functional.

Thank you, Mr. Chairman. I appreciate this opportunity.

[The prepared statement of Mr. Partoyan follows:]

PREPARED STATEMENT OF GARO A. PARTOYAN, CHAIRMAN, TRADEMARK COMMITTEE
INTELLECTUAL PROPERTY OWNERS

SUMMARY

- IPO supports H.R.1565, the "Trademark Amendments Act of 1999," which improves and clarifies trademark law in several respects.
- Section 2, which allows claims of dilution of the distinctive quality of famous marks to be raised in opposition and cancellation proceedings, will reduce effort and expense by giving parties an opportunity to resolve disputes at an earlier stage than under existing law.
- By making federal government agencies liable for trademark infringement and dilution, section 4 will help protect trademark investments of private firms.
- In placing the burden on parties who assert rights in an unregistered trade dress to prove that the matter they seek to protect is not functional, section 5 adopts a uniform rule that is consistent with other rules for registered and unregistered marks.
- Other sections of H.R. 1565 make useful clarifications and corrections in the Trademark Act of 1946.

STATEMENT

Mr. Chairman and Members of the Subcommittee:

I appreciate the opportunity to appear before the Subcommittee today on behalf of Intellectual Property Owners Association (IPO). I am Chairman of the IPO Trademark Committee. Until recently I was General Counsel—Marketing Property for Mars Incorporated in McLean, Virginia, and for many years I served on the Board of Directors of IPO.

IPO is a trade association that represents companies and individuals who own patents, trademarks, copyrights, and trade secrets. IPO members own thousands of federal trademark registrations granted by the Patent and Trademark Office (PTO). They also file about 30 percent of the patent applications that are filed in the PTO by U.S. companies and inventors.

We compliment Chairman Coble on introducing H.R.1565, the "Trademark Amendments Act of 1999." IPO favors this legislation, which will improve and clarify the Federal Trademark Act of 1946 in several respects.

Dilution Issues in PTO Opposition and Cancellation Proceedings

We support section 2 of the bill, which will give parties an opportunity to resolve disputes over dilution of the distinctive quality of famous marks at an earlier stage than under existing law.

Section 2 permits owners of famous marks who believe registration of another mark will dilute the distinctive quality of their mark to oppose registration of the other mark under section 13 of the Trademark Act, and to petition to cancel the registration of the other mark under section 14 of the Trademark Act.

At present owners of famous marks cannot raise dilution claims in opposition and cancellation proceedings. In a 1996 opinion, the PTO's Trademark Trial and Appeal Board construed the Federal Trademark Dilution Act, which was enacted in 1995, not to authorize dilution as a ground for opposition or cancellation. Section 2 of H.R.1565 changes the statute to authorize dilution explicitly as a ground for opposition and for cancellation in proceedings before the Trademark Trial and Appeal Board. We agree with taking this step.

By allowing the owner of a famous mark to raise a dilution claim in an opposition or cancellation proceeding, the bill will provide an opportunity for parties to contest and resolve disputes sooner than they now are able to do so. Disputes might be resolved before the party seeking to register the second mark has made a substantial investment, or any investment at all, in adopting and using the mark for a product or service. Earlier resolution of dilution disputes should reduce effort and expenses for both parties. This is an important benefit of S.1565.

We also agree that the bill should not go further to make dilution a ground for refusing registration of a mark by the PTO during *ex parte* examination. Dilution claims, which may depend on extensive testimony or other evidence, are appropriate for court proceedings or *inter partes* proceedings conducted by the Trademark Trial and Appeal Board.

While it is important that owners of famous marks should be able to raise dilution at an early date in the PTO, it also is essential for them to continue to be able to raise dilution claims in court without any collateral estoppel or issue preclusion effect of an earlier decision on dilution by the Trademark Trial and Appeal Board. Procedures in U.S. District Courts generally afford fuller opportunities to present and challenge evidence as well as arguments than is available in proceedings before the Trademark Trial and Appeal Board. Also, additional evidence is likely to be available by the time of a later court proceeding. Recent experience with dilution cases suggests that a very full airing of the evidence and arguments may be needed in order to resolve some cases fairly.

H.R.1565 does not limit the ability of owners of famous marks and their opponents to litigate dilution in a civil action after a Trademark Trial and Appeal Board decision. Section 21(b) of the Trademark Act (15 U.S.C. 1071(b)) allows a party who is dissatisfied with a decision of the Trademark Trial and Appeal Board to have a remedy by a civil action in U.S. District Court, where the parties can present evidence and arguments in a trial *de novo*. Also, later lawsuits in court based on dilution claims are not precluded by earlier Trademark Trial and Appeal Board decisions. It is essential to retain these options for litigating dilution in court following a Board decision. Without these options, owners of famous marks might be unwilling to seek earlier, less expensive rulings from the Trademark Trial and Appeal Board.

Trademark Liability of the Federal Government

IPO also supports section 4 of the bill, which amends sections 32, 40, and 45 of the Trademark Act, to make federal government agencies liable for trademark infringement and dilution. This change is needed to protect investments of private sector firms in trademarks and goodwill.

In 1996 the U.S. Court of Appeals for the Eighth Circuit ruled that the Preferred Risk Mutual Insurance Co. could not enforce its trademark rights in "Preferred Risk" against the Federal Emergency Management Agency (FEMA), an arm of the United States Government, when FEMA began using the term "Preferred Risk" to identify a category of government flood insurance. The court said the Trademark Act of 1946 does not apply to the federal government.

Thus, federal government entities enjoy the benefit of having the right to register and protest marks under the Trademark Act of 1946, but are immune under that Act from liability for pirating the marks of others. The unfairness of this result is obvious. A trademark owner should have the same remedy against agencies and instrumentalities of the federal government and persons acting for the federal government who infringe or dilute marks as the owner has against private parties. The Eighth Circuit in the Preferred Risk case said,

If in the future, however, the legislative branch finds that such concerns must be addressed, it is free to amend the Lanham Act to expressly waive the sovereign immunity of the United States as it has done with states.

Enactment of section 4 of H.R.1565 will help level the field and insure that businesses, new and established, can invest in products and services without fear of being damaged by infringement or dilution of their marks by a federal agency.

Burden of Proving that Trade Dress is Not Functional

We also favor section 5 of H.R.1565, which places the burden on the person who asserts rights in an unregistered trade dress rights to that prove the matter he seeks to protect is not functional.

This provision is needed in order to resolve a split among the federal courts of appeals on the question of which party has the burden. Section 5 of H.R.1565 settles the issue—correctly in our view—by placing the burden on the plaintiff. This is consistent with the common law rule that the burden of proving a case is on the plaintiff. It also is consistent with the rule that for unregistered marks other than trade dress the plaintiff has the burden of proving the mark is valid.

For registered marks, on the other hand, the Trademark Act establishes a presumption of validity, and validity includes lack of functionality. Section 7(b) of Act, for example, states, “A certificate of registration of a mark on the principal register . . . shall be prima facie evidence of the validity of the registered mark. . . .” In the case of trade dress that has been registered, the presumption that it is not functional is justified by the examination for functionality that the PTO conducts before registration. Consistent with enjoying this presumption for registered trade dress, the burden is properly on the plaintiff for unexamined, unregistered trade dress. Also, it is equitable to place the burden on the party who can bear it with least expense, namely the plaintiff, who should know better than the defendant whether the trade dress is functional.

Other Provisions in H.R. 1565

IPO also favors the other sections of the bill: section 3, “Remedies in Cases of Dilution of Famous Marks,” and section 6, “Technical Amendments.” Section 3 merely corrects drafting oversights in the Federal Trademark Dilution Act, passed in 1995. It makes clear that section 34(a) of the Trademark Act covering injunctions also applies to dilution, and that sections 35(a) and 36 covering damages and destruction of articles also apply in the case of willful dilution. Section 6(a) of the bill merely corrects a typographical error.

Finally, we note with enthusiasm that section 6(b) of the bill completes the job of eradicating the hyphen from the term “trade-mark”, to conform with modern usage. Trademark lore has it that years ago, when the PTO deleted the hyphen from “trademark” in its regulations, it held a ceremony to celebrate the feat.

Thank you again for inviting us to testify in support of these changes in trademark law that will improve and clarify the Trademark Act of 1946. I will be pleased to answer any questions.

Mr. COBLE. Thank you, Mr. Partoyan.
Mr. Bauman?

**STATEMENT OF JON BAUMAN, AKA “BOWZER,” FORMERLY OF
SHA NA NA**

Mr. BAUMAN. Thank you, Mr. Chairman, members of the subcommittee, and distinguished fellow panelists.

I thank you for the opportunity to speak to you today, and I am here to discuss a dire situation facing the performers who created that uniquely American art form known as “rock ’n’ roll.”

These musical pioneers, many of them members of the Rock ’n’ Roll Hall of Fame, are being stripped of their very identity, denied their ability to compete in a fair marketplace, dispossessed of the credit for their life’s work, and drained of their life’s savings because they are just not afforded adequate protection for the names which they made famous.

For instance, Carl Gardner, lead singer of the Coasters, member of the Rock ’n’ Roll Hall of Fame, holder of registered trademark number 2,146,911 who has performed uninterrupted under the name, “The Coasters,” for 45 years, played 19 concert dates last

year, not including a remarkable pro bono performance featuring Chairman Coble, singing Charlie Brown.

Mr. COBLE. Thank you, sir.

Mr. BAUMAN. But by contrast with Carl Gardner's—

Mr. COBLE. I hadn't forgotten that.

Mr. BAUMAN. I know. We will never forget that. By contrast with Carl Gardner's 19-plus shows, we estimate that imposter group of Coasters from New York City with a much lower asking price played, at least, 250 shows last year, 250 to 19.

Now, the Lanham Act of 1946 has been shown to have insufficient teeth to address this problem. Even merit less claims to a famous name can tie the real artists up in litigation for years.

One of the most troublesome of the promoters of these imposter groups has been known to actually boast that he has no objection to being sued because by the time a given case is resolved he will be ahead millions of dollars in concert fees. No problem.

Frequently, the real artist like Carl Gardner, who are already fiscal victims of managers and record companies in the so-called "good 'ole days," don't even have sufficient resources to find lawyers to plead their case at all.

Herb Reed of The Platters, the only surviving functioning member of that group, Rock 'n' Roll Hall of Famer—once Herb had resources, but in the last 5 years, Herb has spent over a half million dollars just to validate his rights. Even Herb's rightful ownership hasn't stopped the imposters one wit. He will have to spend hundreds of thousands more dollars to enforce his mark, find attorneys to litigate against shows going on in all 50 States and innumerable foreign countries.

To these people—Herb, Carl—they don't have the deep pockets of an IBM or a Coca Cola. They need a real deterrent, a proactive, not a retroactive means of intervention to discourage the phony shows before they happen. Treble damages, mandatory attorneys' fees such as have been legislated in the case of violations of the Olympic Committee symbol, might make our adversaries at least think twice, and give artists the wherewithal to hire an attorney to seek injunctive relief, to obtain damages. First of all, criminal penalties, of course, would go even further.

Now, there are obvious consumer fraud and false advertising overtones here as well. We recognize this may fall outside the aegis of the subcommittee, but while respecting the issue of jurisdiction, we would welcome any wise counsel that you might provide us. Because, here is a case that hits really close to home.

Last week a charity in Washington called "Best Friends" was victimized in its annual fundraiser. Washington luminaries, including Colin Powell and Tim Russert, were defrauded to the tune of at least \$10,000-plus a table to see a group of Platters without any real Platters, Drifters less Drifters, and Marvelettes with no Marvelettes. There can be no reasonable expectation that the general public, or the board of Best Friends, would even be aware of the deception because, you see, imposter groups rely on the fact that the names and the songs of these groups are famous, that the names and faces of the individuals are not. As in many shows I have seen, a generous audience the other night may have given these imposters a standing ovation, not necessarily for the perform-

ance that they just saw, but in the mistaken effort to recognize a body of work over a lifetime—someone else's work over some else's lifetime.

I have watched fans come to shows carrying Coasters albums that they have cherished for 40 years to, unknowingly, have them defaced by the autograph of a phony.

I have heard imposters tell the crowd, "Here is one we recorded back in '58," when they weren't even born back in 1958.

My friend, Chuck Blasko, will address yet another major area of our concern.

For my part, let me conclude with a thought that they are often still teenagers at heart, the creators of the first real teenage music really aren't kids anymore. While there is still time, please help these pioneers of rock 'n' roll regain their livelihood, and their precious sense of dignity.

Thank you.

[The prepared statement of Mr. Bauman follows:]

PREPARED STATEMENT OF JON BAUMAN, AKA "BOWZER," FORMERLY OF SHA NA NA

Mr. Chairman, Ranking Member Berman, members of the Subcommittee, distinguished fellow panelists:

Thank you for the opportunity to speak to you today. I don't intend to address a particular piece of legislation, but rather to discuss a dire situation facing many of our most treasured musical pioneers—the legendary performers who created the uniquely American art form known as Rock 'n' Roll.

These pioneers, many of them members of the Rock 'n' Roll Hall of Fame, are being systematically stripped of their identity, their ability to compete in a fair marketplace, the credit for their life's work and often their life's savings because they are not being afforded adequate protection for the names which they made famous.

For instance, Carl Gardner, lead singer of The Coasters, who holds registered Trademark No. 2,146,911 and has performed uninterrupted under the name The Coasters for almost 45 years, played only 19 concert dates last year (not including a remarkable pro bono performance of "Charlie Brown" featuring Chairman Coble). By contrast with Carl Gardner's 19 concerts, a group of impostors from New York City, according to our conservative estimate, played over 250 dates calling themselves The Coasters last year—defrauding the public, devaluing the market, violating Carl Gardner's trademark and draining his financial resources in efforts to stop them while the impostor groups suffered no real consequences.

The Lanham Act of 1946 is unrealistic in addressing this problem and has insufficient teeth. Unscrupulous individuals have discovered that this kind of crime really does pay. Even a meritless claim to a famous name can tie up the real artists in litigation for years defending their own identities. The most troublesome promoter of impostor groups have been known to boast that he had no objection to litigation because by the time a given case was resolved he'd have made millions of dollars in concert fees!

Frequently the real artists, already fiscal victims of managers and record companies in the so-called good old days, don't have sufficient resources to protect themselves legally and, like Carl Gardner, have great difficulty finding a lawyer without those resources. By contrast, the ruthless promoters regard litigation as just another cost of doing business. Remember, you don't have to pay impostors very much to perform, so you can undercut the real artists' price and still have plenty of profit left to earmark for dragging out the legal process, thus buying more time to book more shows to generate more money.

Herb Reed of The Platters—the only surviving functioning member of the group which sang "My Prayer" and "Only You"—has spent over a half-million dollars to establish his trademark rights. But even his clear ownership of the mark hasn't stopped the impostors. He'll have to spend hundreds of thousands more to enforce his mark—finding attorneys to litigate against shows going on in all 50 states and many foreign countries. Herb Reed doesn't have the deep pockets of an IBM or a Coca-Cola. Artists like Herb need a real deterrent—a proactive, not retroactive, means of intervention to discourage the phony shows before they happen. Treble damages and mandatory attorney's fees, such as have been legislated in the case of violations of the Olympic Committee symbol, might make our adversaries think

twice and give people like Herb Reed the wherewithal to hire an attorney to seek injunctive relief and obtain damages. We ask you to help us devise the most powerful means possible to thwart the people Herb Reed ironically calls "The Great Pretenders", after the Platters' most famous record.

There is an obvious consumer fraud and false advertising aspect to this problem as well. We recognize that this may fall outside the aegis of this Subcommittee, but, while respecting the issue of jurisdiction, we would welcome any wise counsel you might provide us.

For instance, from a consumer point of view, here's a case that hits close to home. Just last week, a wonderful charity here in Washington called Best Friends was victimized in its annual fundraiser. Washington luminaries including Colin Powell and Tim Russert were defrauded to the tune of at least \$150 a plate to see a group of Platters with no Platters in it, Drifters-less Drifters and Marvelettes sans Marvelettes. There can be no reasonable expectation that the general public, including the Best Friends board members and attendees, would recognize this deception. You see, impostor groups rely on the fact that *the names and the songs of these groups are famous, but the names and faces of the individuals are not*. As in many shows we've seen, a generous audience may have given these impostors a standing ovation the other night—not necessarily for their performance that evening, but in recognition of a body of work over a lifetime—someone else's work over someone else's lifetime! I've watched fans come to shows carrying Coasters albums they've cherished for 40 years, just to unknowingly have them defiled by the autograph of a phony. I've heard impostors say "Here's one we recorded back in '58" when they weren't even *born* in '58!

Think about this—Coasters, Drifters and Platters without any Coasters, Drifters or Platters performed at the '92 and '96 Inaugural Balls—yes, this is equal opportunity bi-partisan consumer fraud! Recently, a so-called Coasters-Drifters-Platters package played Las Vegas for weeks while simultaneously the same package played Atlantic City. I've personally seen the same performer be a Drifter one night and change his spangly suit to become a Coaster the next. Surely, the American consumer deserves better than this.

These multiple shows in different cities on the same night bring us to yet another subject which may be outside this committee's jurisdiction—but, again we would greatly value your input. This is the issue of franchising. In our unique live performance industry, *the people are the product*. Whereas it is positive for the public for most businesses which produce tangible products to be able to franchise, it clearly runs contrary to the interests of the public for multiple Coasters or Platters full of impostors to be performing in different cities at the same time. Generally, the right to franchise a group has been rarely exercised by an artist who is also the trademark holder. The artist's dignity and unwillingness to undercut his own presentation usually controls this. But when third parties with only a financial and impersonal interest lay claim to a mark—even if the claim is spurious—they frequently also insist on exercising their so-called right to franchise. Hence the situation in which we counted 17 impostor Platters groups performing coast to coast on the same night!

My friend Chuck Blasko will address our final area of concern—that in some cases, legitimate original or recording members of famous groups have been denied the right to even refer to themselves as former members of that group. Chuck will speak to the absurdity of these attempts to rewrite history.

For my part, let me conclude by restating that we need better remedies to prevent impostor groups from trading off the life's work of the pioneer groups of rock 'n' roll. Can you imagine what it must feel like to have impostors steal one's identity, undercut one's asking price, appropriate one's life's work, take bows to one's applause? Early rock 'n' roll, the music that spoke of youthful energy and longing, is still beloved by young people today. And aren't we thankful these days for any positive influence on young people we can get? Aren't we thankful for music that spans generations, that families can share? Shouldn't we take care of the national treasures that gave us this gift?

Though often still teenagers at heart, the pioneers of Rock 'n' Roll aren't kids any more. While there's still time, please help them regain their livelihood and their precious dignity.

Mr. COBLE. Thank you, Mr. Bauman.
Mr. Blasko?

STATEMENT OF CHUCK BLASKO, ORIGINAL MEMBER OF THE VOGUES

Mr. BLASKO. Thank you, Mr. Chairman, for letting me speak in front of you today.

Mr. COBLE. And, we have been joined by our friend from the Roanoke valley, Mr. Goodlatte of Virginia.

Mr. BLASKO. Rather than go through the exhibits, and my testimony that is written—about a year and a half ago, I had a call from a producer from Primetime Live that wanted to do a story, "Mr. Stu Harris," on all these bogus groups, and he did. It explains the situation that we are going through without the trademarks and the fights. If, in fact, The Vogues—this final page here—when you see the Primetime Live tape, the fellow here owns the trademark. And, he says that he has changed his act; he has not. Just to say, "Our first hit record," for us that meant the national—they didn't record this stuff, none of it. We had—the original Vogues had 18 chart records. They take claim to my fame; they take my history, and my dignity. If we could play the tape, it would explain everything.

Mr. COBLE. What is the length of the tape, Mr. Blasko?

Mr. BLASKO. It is about 4 minutes.

[Video.]

Mr. BLASKO. The last page on my testimony is just from this past Valentine's Day. He hasn't—he says he will not take credit for what my history is. Everything you read there is still my history, not theirs.

Thank you very much.

[The prepared statement of Mr. Blasko follows:]

PREPARED STATEMENT OF CHUCK BLASKO, ORIGINAL MEMBER OF THE VOGUES

SUMMARY

Charles "Chuck" Blasko is an original member of "The Vogues", the popular singing group with a history of eighteen hit records. 34 years after their first record, Mr. Blasko is still performing, but because of the presence of an impostor group working under the color of an unfairly acquired trademark to the group name, Mr. Blasko is prevented from referring to himself as a member of the "Vogues" outside of a small part of Western Pennsylvania. He is, therefore, no stranger to the damage done by those who unfairly trade upon an artist's history and accomplishments under the protection of an unfairly acquired trademark in the group name. His own story stands as an example of the practices now rampant in the live entertainment business.

Mr. Blasko's appearance before the House Judiciary Intellectual Property Subcommittee is intended to inform and enlighten the Subcommittee to the need for amendments to the Lanham Act to recognize and protect the rights of the authentic original artists in the names of the groups they made famous. He will provide testimony and exhibits relating to the deceptive tactics of the impostor group in presenting themselves as the legitimate "Vogues", and ask for the support of the Subcommittee in finding remedies for all artists and their fans.

STATEMENT

Mr. Chairman, Ranking Member Berman, members of the subcommittee, distinguished fellow panelists, thank you for the opportunity to appear before you today.

My name is Charles "Chuck" Blasko. I am one of the original members of The Vogues. There were four of us, young men from Turtle Creek, Pennsylvania. We loved to sing, and we formed a group, calling ourselves the "Val-Aires". Our first manager owned a nightclub called the Vogue Terrace, and we soon changed our name to The Vogues. We were doing what we loved, singing and performing. Eventually, we got a recording contract, and in June 1965, we got our first hit with "You're The One." This was the first of eighteen hit recordings we released as The

Vogues, including "Turn Around, Look At Me", "My Special Angel", "Till", "No Not Much" and "5 O'clock World", which, until recently, was the theme of the "Drew Carey Show" on ABC Television and which was featured in the soundtrack of the motion picture "Good Morning, Vietnam". We played to packed clubs and auditoriums around the country.

I am here to tell you of how the Lanham Act has been manipulated and abused, and to ask for your attention to the problem. If my situation was unique, if I was the only one with this problem, I would not be taking up your valuable time, but there are others, *many* others, who find themselves in the same position. My testimony today is intended to serve as an example of what has happened time and time again in the hope that it will begin the process of ending the current abuses and preventing more of them in the future.

Today, 34 years after The Vogues had their first hit record, I am the only one of the original four members who is still earning a living by performing, and I can only do that in 14 counties in Western Pennsylvania, thanks to the provisions of the Lanham Act as they have been applied in my case.

On my way to testify here today, I passed statues and paintings of the illustrious predecessors of the members of this committee. Everyone, be they members of Congress or performers, likes to think that their contributions will be recognized, and acknowledged. No one is going to commission a portrait of the original Vogues, or erect a statute of us, even in Turtle Creek. But we do have an equivalent honor, something many of us aspire to, and that is induction into the Rock and Roll Hall of Fame. As you no doubt are aware, the Hall of Fame is in Cleveland, Ohio, in the district of Representative Dennis Kucinich, who has been the strongest supporter in Congress of the rights of the authentic original performers. The Hall of Fame, however, is not in the 14 counties in which I am allowed to call myself a Vogue.

If the day ever comes when the Vogues are inducted into the Rock and Roll Hall of Fame, I can go to the ceremony. I can even stand on the stage. But if I open my mouth to sing one note of "Turn Around Look At Me" or "5 O'clock World" or any of the other Vogues recordings I helped make famous, I could be violating the rights of the holder of the trademark to the group name.

At the very minimum, I should be allowed to appear anywhere in the world, making a legitimate claim to the history I helped create, without fear of reprisal by way of legal action from the trademark holder. The same right and protection should be granted to every other performer who discovers some non-participating third party claims a trademark right to a group name they made famous.

I believe that the law can, and should, be changed to recognize that the real value of a group name is based upon the contribution of the individual persons who made the name famous. To present a bogus group under a famous name is no more honest than selling grape juice in wine bottles, and the law should not permit this to happen just because someone has been granted ownership of the bottle.

I also believe the law can, and should, be amended to permit the award of treble damages for successful challenges to the invasion of our names and likenesses, including the use of recordings by the authentic performers to advertise and promote appearances by the impostor groups.

The Lanham Act should be amended to require that when registration is sought for a trademark representing the collective work of two or more individuals, like the Vogues original four members, it can only be made on behalf of all those individuals, and no one else. Further, the process by which a trademark is granted should be modified to place a higher burden on an applicant in regard to the truthfulness of the application, especially in regard to representations made as to first usage of the name being registered. As it stands now, it is far too easy to misrepresent the facts, and face no real penalty for doing so.

There are additional remedies that need to be developed as well, especially within the scope of consumer protection and false advertising. I recognize that these subjects are not within the jurisdiction of this subcommittee, but I want to repeat how necessary the corrections to the Lanham Act are to setting the entire matter straight, once and for all.

I thank you again, Mr. Chairman, and the members of the committee for allowing me to speak to you today.

The Internationally Famous Vogues

- ONE OF THE WORLD'S GREATEST VOCAL GROUPS
- SELF-CONTAINED
- BACK-UP UNIT IS EXCEPTIONAL

Top 20 Charted National Hits Include:

Turn Around Look At Me	#1	My Special Angel	Top 5
You're The One	#2	Till	Top 5
5 O'Clock World	#2	No Not Much	Top 10
Magic Town	Top 10	Woman Helping Man	Top 20

They created the sound. It was a fresh original blend of harmony and it left an indellable mark of the music world. They have been honored in most national and international polls as one of the best vocal groups on the scene. Through eras of sound, through fads of fancy, THE VOGUES have been a constant; showing in polls, selling records and attracting sellout audiences at concert and club appearances. It was a slow tedious road but they made it into the world of national fame and recognition. THE VOGUES became one of the most in demand groups on the campus circuit. They toured the United States, England and Australia. Their outstanding talent, stylish delivery and excellent choice of material coupled with their vital, poised performance, has made this group one of the world's top night club acts.

Growing up together in Western Pennsylvania they were well received locally, but it took one of their early recordings "YOU'RE THE ONE", to thrust them into national acclaim. There followed a series of million seller records and albums. If you were looking for one particular personality trait that they have in common, it would have to be friendliness. THE VOGUES are an electrifying group and project this sensation to their college concert, night club and television audiences.

Rock and Roll gave the group their beginning. The legitimate pop sound incorporated for their night club and college act. Country and Western and current sound has also found its way into their repertoire. The word "vogue" means: the mode or fashion prevalent at any particular time: general favor or acceptance. THE VOGUES have worked hard and successfully to maintain a "NOW" trend while retaining their highly individualistic sound. They truly fulfill the promise of their name. Even though members have changed over the years, there is no mistaking THE VOGUES SOUND.

EXHIBIT B (1)

The
Internationally Famous



Fast Paced Musical Show Featuring Outstanding Talent, Comedy and Stylish Delivery to Entertain All Ages.

Toured the U.S., England, and Australia

Million Seller Records and Albums: "Turn Around Look at Me," "You're the One," "5 O'Clock World," "My Special Angel," and "Till"

Featured at Over 150 Fairs, Festivals, Conventions, and Special Events the Past Year.

- Completely Self-Contained
- Back-Up Unit
- Sellout Audiences

EXHIBIT B (2)

The Internationally Famous *Vogues*

They created the sound. It was a fresh original blend of harmony and it left an indelible mark on the music world. They have been honored in most national and international polls as one of the best vocal groups on the scene. Through eras of sound, through fads of fancy, THE VOGUES have been a constant; showing in polls, selling records and attracting sellout audiences at concert and club appearances. It was a slow, tedious road but they made it into the world of national fame and recognition. THE VOGUES became one of the most in demand groups on the campus circuit. They toured the United States, England, and Australia. Their outstanding talent, stylish delivery, and excellent choice of material coupled with their vital, poised performance, has made this group one of the world's top night club acts.

Growing up together in Turtle Creek, Pennsylvania, they were well received locally, but it took one of their early recordings, "YOU'RE THE ONE", to thrust them into national acclaim. There followed a series of million seller records and albums. If you were looking for one particular personality trait that they have in common, it would have to be friendliness. They have been working together for over twenty years. THE VOGUES are an electrifying group and project this sensation to their college concert, night club, and television audiences.

Rock and Roll gave the group their beginning. The legitimate pop sound incorporated for their night club and collect act. Country and Western and current sound has also found its way into their repertoire. The word "vogue" means: the mode or fashion prevalent at any particular time; general favor or acceptance. THE VOGUES have worked hard and successfully to maintain a "NOW" trend while retaining their highly individualistic sound. They truly fulfill the promise of their name.

EXHIBIT A



The Vogues, whose Top 20 charted national hits include "Turn Around, Look At Me," "You're the One," "Five O'Clock World," and "My Special Angel," will appear at the East Liverpool Motor Lodge at 9:30 p.m. Feb. 12. Tickets are \$10 and available at the door.

East Liverpool prepares for Vogues

EAST LIVERPOOL — One of the world's top night club acts is coming to the area for a performance at the East Liverpool Motor Lodge.

The Vogues, whose Top 20 charted national hits include "Turn Around, Look At Me," "You're the One," "Five O'Clock World," and "My Special Angel," will appear at the Motor Lodge at 9:30 p.m. Feb. 12.

The Vogues are known in the music world for their fresh, original blend of harmony. They have been honored in most national and international polls as one of the best vocal groups on the scene.

Through eras of sound, through fads of fancy, The Vogues have been a constant — showing in polls, selling records and attracting sellout audiences at concert and club appearances.

The Vogues became one of the most in demand groups on the campus circuit. Their talent, delivery and choice of material coupled with their poised performance has made this group one of the world's top night club acts.

Group members include Stan Elch, who supplies the baritone; singer and guitar player Terry Brightbill; his wife Beth, who plays the drums; vocalist Jim Campagna; bassist Bob Shawgo and keyboardist Dan Brady.

Growing up together in western Pennsylvania, they were well-received locally, but it took one of their early recordings, "You're the One," to thrust them into national acclaim. There followed a series of million seller records. Tickets are \$10 and will be available at the door.

EXHIBIT C

Mr. COBLE. Thank you, Mr. Blasko, and thank you all.

Mr. Kirk, in your testimony, you discussed the benefits of allowing the Federal Government to be sued for trademark infringement and dilution. Can you elaborate as to why you think this should be done as an amendment to the Lanham Act.

Mr. KIRK. Mr. Chairman, as I mentioned, the other forms of intellectual property: patents, copyrights, plant varieties, and semiconductor mask works are all mentioned in section 1498 of title 28. That title allows someone who owns those rights to sue the United States Government in the United States Court of Federal Claims for "reasonable and entire" compensation. There are no injunctive rights associated with this remedy.

As I suggested, perhaps in the case of patents one could make a case that compensation might be a substitute for the full panoply of patent rights. But we can see no reason whatsoever why a trademark owner should not have the full panoply of rights including injunctive rights to stop the infringement and/or dilution by the Government should it engage in that kind of activity.

The use of a trademark by the Federal Government essentially destroys that trademark asset by creating confusion in consumers' minds, diluting the effectiveness of the mark. The appropriate way for one to address this is by amending the Lanham Act to provide all of its remedies, not to go the direction of title 28, as is the case with these other forms of intellectual property.

Mr. COBLE. Thank you, sir. Now, I know, Mr. Kirk, that you are a recognized authority regarding the law of intellectual property. I don't know whether you are an authority on entertainment law. You may or may not be, but put on your entertainment hat. We are steaming in unknown waters here on the other matter.

Do you have any suggestions as to how we could go about crafting a solution to the problem regarding the imposter entertainment groups? And, if you don't now, perhaps we can talk subsequently.

Mr. KIRK. Well, Mr. Chairman, unlike Commissioner Dickinson who has represented clients in this field, and unlike you who has also been a singer of these songs, I can't even dance.

But we do have considerable concern about this activity. We have reviewed very carefully the legislation that has been introduced, H.R. 1125, and we believe that particular measure has a number of serious problems that would not allow us to support it. We have not, yet, come across any magic wand that we could present to you. However, we certainly commit to work with you, and with these gentlemen at the far end of the table, in a search to remedy this problem.

It is a serious problem; it is, in my personal opinion, a disgusting practice that needs to be addressed.

Mr. COBLE. That is what I was seeking, your gracious offer to do that. I appreciate that offer. Mike, we may be calling on you.

Mr. Muller, in reference to section 2 of the bill which deals with the dilution issue, provide for us an example which illustrates the cost and difficulty involved in bringing a dilution claim in Federal court?

Mr. MULLER. Thank you, Mr. Chairman.

As I gave an example in my testimony, if someone decided to register Intel for entertainment services, the trademark office does not have adequate support to refuse registration of that based upon an opposition. Therefore, the owner of the Intel mark will have to go to Federal court, expending anywhere from \$50,000 to \$1,000,000, to attain an injunction under the Federal Trademark Dilution Act. It would be much easier to have the Intel Corporation come in and oppose that registration, particularly an intent to use application, and set their stake in the ground in the Trademark Office and the TTAB, getting a decision that this mark is not registerable because it would dilute the Intel mark.

Mr. COBLE. Thank you, Mr. Muller.

Mr. Partoyan, you may have touched on this in your testimony; but, give me an illustration why the burden of proof should be on the plaintiff who brings an action for trade dress infringement of an unregistered mark?

Mr. PARTOYAN. I think perhaps the simplest example, Mr. Chairman, is that the plaintiff is asserting a right, and one of the elements on which that right is based is that the trade dress is not functional. That is to say, it does not have a functional purpose to it. It is that element of not having a functional purpose which allows the person to have the right. Turn that around, if there is a functional purpose to the trade dress, then the law as we know it says that others ought to be free to be able to utilize that functional purpose also.

So, in order to establish that he has got the right, then it seems logical that the plaintiff, the person asserting the right, should have to establish that the trade dress does not have a functional purpose.

Mr. COBLE. I asked you that for emphasis purposes, and I concur with your answer.

Mr. PARTOYAN. Thank you.

Mr. COBLE. I have a couple more questions, but let me go to the gentlelady from California, and I will come back to that in a second round.

Ms. LOFGREN. Thank you, Mr. Chairman. Just a few questions really.

Mr. Partoyan, you indicated earlier in your opening statement that it was difficult to prove a dilution case, and looking at the videotape we had here, how would you go about proving a dilution if that law applies to this kind of situation?

Mr. PARTOYAN. Well, I am not sure that dilution is the issue based on the tape we saw.

Ms. LOFGREN. So, dilution wouldn't be how you would approach that situation?

Mr. PARTOYAN. That really is not a dilution issue, I don't believe.

Ms. LOFGREN. How would you approach that situation in order to give protection?

Mr. PARTOYAN. In a case of dilution, the typical way or the most common ways are for the plaintiff to make some sort of a survey, and that can cover a large range of activities. But, a survey in large terms in which the person would have to establish that there is some relationship between what the plaintiff is claiming as his famous mark, and the alleged diluting mark.

Frankly, there have been only a few court decisions so far since this section of the trademark law was enacted. And, there seems to be a sense that dilution can be shown only if there is an actual lessening of the value of the famous mark. But, there are just a few decisions so far. It is not entirely clear—probably the best example is the one involving Ringling Brothers-Barnum & Bailey Combined Circuses and the State of Utah, which the Fourth Circuit has recently decided. Mr. Kirk mentioned that.

But, you can see the problem. If you have to show that your famous mark is already impaired, then it has already been diluted. The whole idea behind stopping dilution is to stop it at an early enough stage so that there is no damage.

Ms. LOFGREN. If I can interrupt, then, what I hear you saying—and I assume you are also willing to cooperate with Mr. Muller and Mr. Kirk to come up with new ideas to deal with this—there may be a different approach that we should look at. I don't know what approach you may come up with, but I would be eager to work with the chairman on this, I think Mr. Kucinich indicated that he wants to get the job done. He is not wedded to one approach over another. I think that is a great attitude. All of us might want to sit down and see if there are different ways we could protect these artists who are being treated so unfairly. Would that be a fair summary of what you are saying?

Mr. PARTOYAN. Yes, certainly. My people would be very happy to do that.

Ms. LOFGREN. Finally, one question some constituents put to me over the weekend was, "What happens, and what should happen, what is fair, when you have several former members of a famous group, and they all want to take the group's name?" We know the Four Tops had that problem, and the Temptations as well. There may be other groups. What is the right thing to do in that case, what do you think Mr. Bauman and you Mr. Blasko?

Mr. BAUMAN. Okay. Well, you know, every case is a little bit different. But, for instance, you have right in your constituency, very close to your constituency, Doris Jackson of the Sharelles, and Beverly Lee who is here in this room, of the Sharelles, share the name of the Sharelles. They are geographically separated; there is a group of Sharelles on the West Coast and a group of Sharelles on the East Coast, each of which, however, has a real original recording member in them. I don't think anyone in our industry feels there is anything wrong with this at all, nor should they. It seems to be fine with the public, too. It is when we cross this line—

Ms. LOFGREN. Clearly, the case where there is no member of the original group, that's where we have the problem.

Mr. BAUMAN [continuing]. That is by agreement with each other, as well. Right. If you are talking about a situation in which there might be a disagreement within the group, are you?

Ms. LOFGREN. Well, I think you could have it both ways. The question is, "What should we be seeking by rule of fairness if you have former members of a group now belonging to competing groups? I guess my sense is they ought to have equal rights unless they agreed otherwise. But, I want to know if you have an opinion on that, or if Mr. Blasko has a view.

Mr. BAUMAN. My opinion certainly is that that is just fine. It is only when we cross this line into groups full of imposters that we have a problem, and the public should have a problem.

Mr. BLASKO. Well, I think one of the answers, too, that if in fact in my case, four members of the Vogues—all four of them had their own group. It could be Chuck Blasko's Vogues; it could be Bill Burkett's Vogues; you know, you could go that route, too. But, as John said, it really doesn't—

Ms. LOFGREN. It is distinguished from the one situation we all believe is dreadful, when we have no members from the original group and that we ought to do something about that.

Mr. BLASKO. Exactly.

Ms. LOFGREN. Thank you, Mr. Chairman.

Mr. COBLE. I thank the lady.

Mr. Kirk, as you pointed out, if there are indeed snakes abounding in that bill, we need to destroy them at this juncture, sooner rather than later.

Let me mention, before I recognize the gentleman from Indiana, that I received a letter today from the Recording Industry Association of America, our friend Hillary Rosen, of the RIAA indicates the support of the RIAA for finding a solution to the problem of imposter celebrity musical groups, and without objection, I would like to place this letter into the record.

The gentleman from Indiana?

[The information referred to follows:]

RECORDING INDUSTRY ASSOCIATION
OF AMERICA (RIAA),
Washington, DC, May 5, 1999.

Hon. HOWARD COBLE, *Chairman,*
House Judiciary Intellectual Property Subcommittee,
House of Representatives, Washington, DC.

Hon. HOWARD BERMAN, *Ranking Member,*
House Judiciary Intellectual Property Subcommittee,
House of Representatives, Washington, DC.

DEAR MR. CHAIRMAN AND REPRESENTATIVE BERMAN: I am writing to commend you both for holding a hearing that will draw much-needed attention to the problem facing many artists who have "imposters" performing under the name of their old bands. Many artists who were members of such famous groups as the Drifters, the Platters, Sam and Dave, and of course Sha Na Na and the Vogues, are prohibited from mentioning their earlier affiliation with these bands. This presents problems when these artists attempt to establish new recording or performing careers, and in essence, erases an important part of the artists' history. Correcting this inequity is a matter of fairness, not just for the artists, but for consumers as well.

Often, acts billed as the "Supremes," for example, contain no members of the original group. They are simply performing the music that the original groups made famous. Consumers generally have no idea that these are not the original band members. Some may choose to attend the concert regardless, but certainly, the choice should be up to the consumer.

I urge the Subcommittee to use its expertise in Trademark Law to find a suitable solution to this critical issue and stand ready to assist you in your efforts.

Sincerely,

HILARY ROSEN, *President and CEO.*

Mr. PEASE. Thank you, Mr. Chairman.

I find myself in support of H.R. 1565, and without a solution to the other problem that has been presented, although tremendous sympathy for it, and also willingness to work toward it. Having said that I am already on board on H.R. 1565, and since I don't

have an answer to the other problem, I will yield my time to you, Mr. Chairman.

Mr. COBLE. I appreciate that, sir. Thank you, Mr. Pease.

I will be brief. Mr. Bauman, let me ask you a question. Have you ever performed with an imposter group?

Mr. BAUMAN. Have I ever been on the same stage with an imposter group, do you mean? I have never performed in an imposter group, no. Have I ever been on a show with an imposter group? Yes.

Mr. COBLE. But you have shared a stage with imposters?

Mr. BAUMAN. I will no more. That was several years ago. That is no more.

Mr. COBLE. Just for my information, what is the response of producers of shows when they learn that they have booked imposter groups?

Mr. BAUMAN. Unfortunately, you can't generalize, Chairman Coble. There is no monolithic response. If I had to make a blanket statement, I would say that the sad truth is, what happens is the price is always undercut. You are dealing with imposters, so they will take \$200 a night.

Mr. COBLE. The price is right.

Mr. BAUMAN. Somebody else could keep \$1,000. The Coasters are costing you \$2,500. Carl Gardner wants \$7,500. Most show producers, frankly, are thrilled that they can get something that is called "The Coasters" for \$2,500, and save themselves \$5,000.

Agents tack on 75 percent for themselves, and sell the package. In other words, a buyer may be expecting this package to cost \$15,000. So, the agent will pay the imposter group \$7,500 and keep \$7,500. They love this. That is one of the biggest problems that we have. Occasionally, you run into a producer or somebody that actually says, "Oh, my God, really." But, dealing with the other side, usually—

Mr. COBLE. Normally, they just gloss over it, and nothing further is said I presume?

Mr. BAUMAN. From a producer's point of view?

Normally, they really don't care. Honestly, they just don't care; it is good business for them. That is one of the biggest frustrations we have.

Mr. COBLE. Mr. Blasko, it was mentioned earlier, but what legal or other avenues have you pursued in an effort to remedy your problem, and what has been the outcome of these efforts? Futility, I guess?

Mr. BLASKO. Well, yes. It really is, and to go into Federal court. I have already been in Federal court, and a judge allowed me 14 counties in western Pennsylvania because I am one of the original Vogues.

But, as Jon has said, for many of the artists and myself, just to go into Federal court is, like, a \$20,000 start-up fee. I just don't have that type of money to pursue things like that.

Mr. COBLE. Well, I don't want to lull you all into a sense of false security, but we will try. We have good offers of assistance here.

I say to my friends from California and Indiana, anything further you all want to add today, Zoe or Ed?

Ms. LOFGREN. Just that I think we are of one mind that we really ought to do something about this. It is not clear how we should do it, but we have got three people who are expert who have offered their assistance and there are others.

So, I think we should all pledge to take this offer seriously, and to pursue it, to work with Mr. Kucinich who has already been here and see if we can't come up with a solution this Congress. I will be happy to work with you, Mr. Chairman.

Mr. COBLE. Thank you, Zoe. Ed?

Mr. PEASE. Mr. Chairman, I am more than willing. In fact, I would be interested in working on this project.

Mr. COBLE. Good.

Mr. PEASE. This not being a "Five O'Clock World," the whistle is going to blow; the bell is going to ring. [Laughter.]

But, I will work later, or however you wish, Mr. Chairman.

Mr. COBLE. I appreciate you all complying with the time limit. "You done good," as we say in the rural South.

We thank you for your appearance today. The subcommittee very much appreciates your contribution.

This concludes the legislative hearing on H.R. 1565, the Trademark Amendments Act of 1999. The record will remain open for 1 week. Thank you for your cooperation.

The subcommittee stands adjourned.

[Whereupon, at 3:05 p.m., the subcommittee was adjourned.]

